

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW).**

**IMPORTANT: You must read the following before continuing.** The following applies to the Base Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE COVERED BONDS OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE COVERED BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE U.S., AND THEREFORE MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE COVERED BONDS WILL BE OFFERED AND SOLD IN THE UNITED STATES TO A LIMITED NUMBER OF "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A OF THE SECURITIES ACT) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**").

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") ANY STATE SECURITIES COMMISSION OR ANY OTHER U.S. OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES APPROVED OR DISAPPROVED THIS BASE PROSPECTUS OR CONFIRMED THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

This Base Prospectus has been delivered to you on the basis that you are a person into whose possession this Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Base Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Base Prospectus by electronic transmission, (c) you are either (i) not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia or (ii) a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Articles 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

This Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Barclays Bank UK PLC, Barclays Covered Bonds LLP, the Arrangers (as defined below), the relevant Dealer(s) (as defined below) nor any person who controls it nor any director, officer, employee or agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from Barclays Bank UK PLC, Barclays Covered Bonds LLP, the Arrangers or the relevant Dealer(s).

# BARCLAYS BANK UK PLC

(incorporated with limited liability in England and Wales)

€35 billion

## Global Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments by  
Barclays Covered Bonds LLP

(a limited liability partnership incorporated in England and Wales)

<b>Programme</b>	<p>Under this €35 billion covered bond programme (the "<b>Programme</b>"), Barclays Bank UK PLC (the "<b>Issuer</b>" or "<b>Barclays Bank UK PLC</b>" or "<b>BBUKPLC</b>") may from time to time issue bonds (the "<b>Covered Bonds</b>") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €35 billion (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein. Covered Bonds issued under the Programme have been and will be issued in Series. The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. Covered Bonds may be issued in bearer or registered form.</p> <p>The Issuer under the Programme was previously Barclays Bank PLC. Pursuant to a ring fencing transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the "<b>Ring Fencing Transfer Scheme</b>"), certain elements of Barclays Bank PLC's business were transferred to Barclays Bank UK PLC. Following the approval of the Ring Fencing Transfer Scheme by the Prudential Regulation Authority and the High Court of Justice of England and Wales, all accrued rights and obligations of Barclays Bank PLC in its various capacities under the Programme, including as Issuer, but excluding the roles of Arranger and Dealer, have been transferred to, and vested in or became liabilities of (as applicable), Barclays Bank UK PLC. The Ring Fencing Transfer Scheme became effective on 1 April 2018 (the "<b>RFTS Effective Date</b>"). References in this Prospectus to "Issuer" shall be construed accordingly.</p>
<b>Final Terms and Drawdown Prospectus</b>	<p>Each Series or Tranche of Covered Bonds will be issued on the terms set out herein under "<i>Terms and Conditions of the Covered Bonds</i>" (the "<b>Conditions</b>") (or, in the case of any Covered Bonds issued which are to be fungible with an existing Series of Covered Bonds, on the terms and conditions applicable to such existing Series) as supplemented by a separate document containing the final terms for such Series (the "<b>Final Terms</b>") or in a separate prospectus specific to such Series (a "<b>Drawdown Prospectus</b>"). This Base Prospectus must be read in conjunction with any supplements hereto and with any information incorporated by reference herein and, in relation to any Series or Tranche of Covered Bonds which is the subject of Final Terms, must be read in conjunction with the relevant Final Terms. In the case of a Series or Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.</p>
<b>Regulated Covered Bonds</b>	<p>The Issuer has been admitted to the register of issuers and the Programme and the Covered Bonds issued under the Programme (including those Covered Bonds issued prior to the date of admission) will be admitted to the register of regulated covered bonds under the RCB Regulations (SI 2008/346) as amended by the Regulated Covered Bonds (Amendment) Regulations 2008 (SI 2008/1714), the Regulated Covered Bonds (Amendment) Regulations 2011 (SI 2011/2859) and the Regulated Covered Bonds (Amendment) Regulations 2012 (SI 2012/2977) (together, the "<b>RCB Regulations</b>"). Prior to the RFTS Effective Date, Barclays Bank PLC was similarly registered, as were the Covered Bonds issued by Barclays Bank PLC. The Issuer confirmed on 6 April 2018 that the eligible property (other than liquid assets) in the asset pool all falls within class 2 (residential mortgage assets) and that it wishes the Covered Bonds to be single asset class regulated covered bonds for the purposes of the RCB Regulations.</p>
<b>Guarantee</b>	<p>The Issuer is expected to make payments of principal and interest due on the Covered Bonds. However, Barclays Covered Bonds LLP (the "<b>LLP</b>") has guaranteed payments of interest and principal under the Covered Bonds pursuant to the Covered Bond Guarantee which is secured over the Portfolio (as defined below) and other assets of the LLP. Recourse to the LLP under its guarantee is limited to the Portfolio and such other assets of the LLP.</p>
<b>Dual Recourse</b>	<p>The LLP will be required to pay Guaranteed Amounts (as defined below) under the Covered Bond Guarantee following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice on the Issuer (or, if earlier, the service on the Issuer and the LLP of an LLP Acceleration Notice) and the service on the LLP of a Notice to Pay. Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Covered Bonds will only be accelerated against the Issuer and will not be accelerated against the LLP.</p> <p>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 (if not already immediately due and payable as against the Issuer) and also against the LLP and the LLP's obligations under the Covered Bond Guarantee will be accelerated.</p>
<b>Underlying</b>	<p>The LLP's primary source of funds to make payments under the Covered Bond Guarantee will be derived from, <i>inter alia</i>, payments of interest and principal in relation to a portfolio of residential mortgage loans</p>

<b>Assets</b>	originated and/or acquired by, prior to the RFTS Effective Date, Barclays Bank PLC, and following the RFTS Effective Date, by Barclays Bank UK PLC (as applicable) and secured over residential properties located in England, Wales, Scotland or Northern Ireland. These Mortgage Loans will be purchased by the LLP on the Transfer Dates, subject to certain criteria being satisfied. See the section entitled " <i>The Mortgage Accounts and the Portfolio</i> " on page 147 for more information.
<b>Redemption Provisions</b>	Information on any optional and mandatory redemption of the Covered Bonds is summarised on page 60 ( <i>Overview of the Terms and Conditions of the Covered Bonds</i> ) and set out in full in Condition 6 ( <i>Redemption and Purchase</i> ) and in the applicable Final Terms.
<b>Rating Agencies</b>	<p>S&amp;P Global Ratings, a division of Standard &amp; Poor's Credit Market Services Europe Limited ("<b>S&amp;P</b>"), Fitch Ratings Limited ("<b>Fitch</b>") and Moody's Investors Service Ltd. ("<b>Moody's</b>"). 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 organisation.</p> <p><b>CRA Regulation</b></p> <p>The credit ratings included or referred to in this Base Prospectus have been issued by Standard &amp; Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Ltd., each of which is established in the European Union (the "<b>EU</b>") and has been registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "<b>CRA Regulation</b>").</p>
<b>Ratings</b>	<p>Covered Bonds to be issued under the Programme are expected to be rated "AAA" by S&amp;P, "AAA" by Fitch and "Aaa" by Moody's, unless otherwise specified in the relevant Final Terms. Each Series of Covered Bonds is expected on issue to be assigned a rating by each Rating Agency. The ratings expected to be assigned to each Series of Covered Bonds will be stated in the Final Terms for that Series of Covered Bonds.</p> <p>The rating of certain Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended, will be disclosed in the Final Terms. For more information see "<i>Risk Factors – Risks Relating to the Covered Bonds – Risks related to the structure of a particular issue of Covered Bonds – Risks relating to the ratings of the Covered Bonds</i>" in this Base Prospectus.</p> <p><b>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.</b></p>
<b>Listing</b>	<p>This Base Prospectus constitutes a "<b>base prospectus</b>" for the purpose of Directive 2003/71/EC (the "<b>Prospectus Directive</b>"). Application has been made to the Financial Conduct Authority (the "<b>FCA</b>", previously known as the Financial Services Authority, the "<b>FSA</b>") which is the United Kingdom competent authority under the Financial Services and Markets Act 2000 for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom (the "<b>UK Listing Authority</b>") for approval of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the "<b>Official List</b>") and to the regulated market of the London Stock Exchange plc (the "<b>London Stock Exchange</b>"). The regulated market of London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC (the "<b>Markets in Financial Instruments Directive</b>") (the "<b>regulated market of the London Stock Exchange</b>"). 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.</p> <p>Admission to the Official List together with admission to the regulated market of the London Stock Exchange constitutes official listing on the London Stock Exchange. References in this Base Prospectus to Covered Bonds being "<b>listed</b>" (and all related references) shall mean that such Covered Bonds have been admitted to trading on the Regulated Market of the London Stock Exchange and have been admitted to the Official List. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions which are applicable to each Tranche (as defined under "<i>Terms and Conditions of the Covered Bonds</i>") of Covered Bonds will be set out in the relevant Final Terms which, with respect to Covered Bonds to be admitted to the Official List and admitted to trading by the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of such Tranche of Covered Bonds.</p>
<b>U.S. Securities Act</b>	The Covered Bonds and the Covered Bond Guarantee (as defined below) have not been and will not be registered under the Securities Act of 1933 (as amended) (the " <b>Securities Act</b> "), or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred except (1) in accordance with Rule 144A under the Securities Act (" <b>Rule 144A</b> ") to a person that the holder and any person acting on its behalf reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A) (each a " <b>QIB</b> ") that is acquiring the Covered Bonds for its own account or for the account of one or more QIBs, (2) to a person other than a U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act (" <b>Regulation S</b> "), (3) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, or (4) pursuant to any effective registration statement under the Securities Act, in each case in

	accordance with any applicable securities laws of any state of the United States. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Covered Bonds. See " <i>Form of the Covered Bonds</i> " for a description of the manner in which Covered Bonds will be issued. The Covered Bonds are subject to certain restrictions on transfer (see " <i>Subscription and Sale and Transfer and Selling Restrictions</i> "). Prospective purchasers are hereby notified that the sellers of the Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.
<b>Clearing Systems</b>	Euroclear Bank S.A./N.V./Clearstream Banking, <i>société anonyme</i> /The Depository Trust Company as indicated in the relevant Final Terms.
<b>Benchmark Regulation</b>	Amounts payable on Floating Rate Covered Bonds may be calculated by reference to one of LIBOR, EURIBOR and SONIA as specified in the relevant Final Terms. As at the date of this offering circular, the administrator of LIBOR is, and the administrators of EURIBOR and SONIA are not, included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the " <b>Benchmarks Regulation</b> "). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute (being the administrator of EURIBOR) is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.

**THE "RISK FACTORS" SECTION 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.**

**AN INVESTMENT IN THE COVERED BONDS IS NOT SUBJECT TO RESTRICTION UNDER THE U.S. VOLCKER RULE AS AN INVESTMENT IN AN OWNERSHIP INTEREST IN A COVERED FUND.**

**Arrangers**

**Barclays Bank PLC and Barclays Bank Ireland PLC**

**Dealers**

**Barclays Bank PLC and Barclays Bank Ireland PLC**

7 May 2019

The Issuer and the LLP each accepts responsibility for the information contained in this Base Prospectus (the "**Base Prospectus**"), including the Final Terms relating to each Tranche of Covered Bonds issued under the Programme. To the best of the knowledge and belief of each of the Issuer and the LLP (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information sourced from third parties contained in this Base Prospectus has been accurately reproduced (and is clearly sourced where it appears in the document) and, as far as each of the Issuer and the LLP are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus has been approved by the UK Listing Authority as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and has been published in compliance with the prospectus rules made by the UK Listing Authority under the Financial Services and Markets Act 2000 ("**FSMA**") as amended by the Prospectus Regulations 2005 and in compliance with the rules relating to the admission to the official list, in accordance with Section 73(A)(2) of the FSMA for the purposes of giving information about the Issuer and the Covered Bonds. This Base Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State) and includes any relevant implementing measures in the Relevant Member State, and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Copies of each set of Final Terms (in relation to Covered Bonds to be admitted to the Official List) will be available from the registered office of the Issuer and from the specified office of each of the Paying Agents (as defined below). Each Final Terms relating to the Covered Bonds which are admitted to trading on the London Stock Exchange's Regulated Market will be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

This Base Prospectus is to be read in conjunction with any supplements hereto and all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and any relevant Final Terms. This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

The information contained in this Base Prospectus was obtained from the Issuer, the Seller, the LLP and the Liquidation Member, but no assurance can be given by the Arrangers, the Dealer(s), the Bond Trustee or the Security Trustee as to the accuracy or completeness of this information. Accordingly, no representation, warranty or undertaking, express or implied, is made and, to the extent permitted by law, no responsibility or liability is accepted by the Arrangers, the Dealer(s), the Bond Trustee or the Security Trustee as to (i) the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer, the Seller and the LLP in connection with the Programme or (ii) any other statement made or proposed to be made by any of the Arrangers, the Dealer(s), the Bond Trustee or the Security Trustee or on its behalf in connection with the Issuer, the LLP or the issue and/or offering of any Covered Bonds. None of the Arrangers, the Dealer(s), the Bond Trustee or the Security Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer and the LLP in connection with the Programme. Accordingly, each of the Arrangers, the Dealer(s), the Bond Trustee and the Security Trustee disclaims any and all liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement or information.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Covered Bonds are the persons named in the applicable Final Terms as the relevant Dealer(s).

No person is or has been authorised by the Issuer, the Seller, the LLP, the Arrangers, any of the Dealer(s), the Bond Trustee or the Security Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the LLP, the Arrangers, any of the Dealer(s), the Bond Trustee or the Security Trustee.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds (i) is intended to provide the sole basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the LLP, the Seller, the Arrangers, any of the Dealer(s), the Bond Trustee or the Security Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the LLP. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of the Issuer, the LLP, the Seller, the Arrangers, any of the Dealer(s), the Bond Trustee or the Security Trustee to any person to subscribe for or to purchase any Covered Bonds.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Issuer and/or the LLP and/or the Seller is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing such information. The Dealer(s), the Arrangers, the Bond Trustee and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the LLP or the Seller during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Covered Bonds.

The Issuer may issue N Covered Bonds from time to time, for which no prospectus is required to be published under the Prospectus Directive and which will not be issued pursuant to (and do not form part of) this Base Prospectus, and will not be issued pursuant to any Final Terms under this Base Prospectus. The UK Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with any N Covered Bonds. See further "*Risk Factors – Risks relating to the LLP – Other debt secured over the Portfolio may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee with respect to the Covered Bonds*" below.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and unless they are deemed to be in registered form for U.S. federal income tax purposes, may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations (see "*Subscription and Sale and Transfer and Selling Restrictions*" below). Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations promulgated thereunder.

**IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE/TARGET MARKET** – The Final Terms in respect of any Covered Bonds will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered

Bonds, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the LLP, the Arrangers, the Dealer(s), the Bond Trustee and the Security Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the LLP, the Arrangers, the Dealer(s), the Bond Trustee or the Security Trustee which would permit a public offering of any Covered Bonds or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Covered Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Covered Bonds in the United States, the United Kingdom, the Republic of France and Japan (see "*Subscription and Sale and Transfer and Selling Restrictions*" below).

This Base Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly, any person making or intending to make an offer in a Relevant Member State of Covered Bonds which are the subject of an offering contemplated in this Base Prospectus as completed by the Final Terms in relation to the offer of those Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer or the relevant Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the LLP, the Arrangers, the Dealer(s), the Bond Trustee or the Security Trustee have authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer, the LLP, the Arrangers, the Dealer(s), the Bond Trustee or the Security Trustee to publish or supplement a prospectus for such offer.

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds, including, without limitation and as applicable, the regulatory capital treatment of holding such Covered Bonds, and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial advisor) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

### **Certain definitions**

The term the "**Group**" means Barclays PLC together with its subsidiaries (which includes the Issuer) and the term the "**BBUKPLC Group**" means Barclays Bank UK PLC together with its subsidiaries.

References in this Base Prospectus to "**£**", "**Sterling**" and "**Pounds Sterling**" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland. References in this Base Prospectus to "**€**" and "**euro**" are to the single currency introduced in the Member States of the European Community at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. References in this Base Prospectus to "**U.S. Dollars**" or "**U.S.\$**" are references to the lawful currency for the time being of the United States of America, its territories and possessions, and state of the United States of America and the District of Columbia.

The "**United Kingdom**" and "**UK**" are abbreviated references to the United Kingdom of Great Britain and Northern Ireland. The UK comprises three distinct legal systems, namely those of England and Wales, Scotland and Northern Ireland, each with its own judicial process. However, leaving aside devolution of certain powers to Welsh, Scottish and Northern Irish legislative bodies, the legislative body for each of these three jurisdictions is the UK Parliament. Accordingly, references to UK law are to laws promulgated by the UK Parliament and which are binding on the United Kingdom.

The "**United States**" and "**U.S.**" are abbreviated references to the United States of America.

### **The RCB Regulations**

Pursuant to the RCB Regulations, the FSA (as the predecessor to the FCA) admitted Barclays Bank PLC to the register of issuers on 11 November 2008 and the Programme and the Covered Bonds issued under the Programme (including those Covered Bonds issued prior to the date of admission) have been admitted by the FSA to the register of regulated covered bonds on 11 November 2008. The FCA admitted the Issuer to the register of issuers on 4 April 2018 and Covered Bonds issued by the Issuer under the Programme will be admitted by the FCA to the register of regulated covered bonds.

### **Governing Law**

The Programme documents are governed by, as applicable, the laws of England and Wales and, in relation to aspects specific to Scottish and Northern Irish Mortgage Loans, the laws of Scotland and/or Northern Ireland respectively.

### **Important Notices**

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealer(s) (if any) named as the stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in the applicable Final Terms may over allot Covered Bonds or effect transactions with a view to supporting the price of the Covered Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in accordance with applicable laws and rules.

In making an investment decision, investors must rely on their own examination of the Issuer and the LLP and the terms of the Covered Bonds being offered, including the merits and risks involved. The Covered Bonds have not been approved or disapproved by the United States Securities and Exchange Commission



or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.

None of the Arrangers, the Dealer(s), the Issuer, the LLP, the Security Trustee or the Bond Trustee makes any representation to any investor in the Covered Bonds regarding the legality of its investment under any applicable laws. Any investor in the Covered Bonds should be able to bear the economic risk of an investment in the Covered Bonds for an indefinite period of time.

### **Notice to U.S. Investors**

With respect to the issue and sale of the Covered Bonds in the United States, this Base Prospectus is confidential and has been prepared by the Issuer solely for use in connection with the issue of the Covered Bonds. In the United States, this Base Prospectus is personal to each person or entity to whom it has been delivered by the Issuer or a Dealer or an affiliate thereof. Distribution in the United States of this Base Prospectus to any person other than such persons or entities and those persons or entities, if any, retained to advise such persons or entities is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective purchaser in the United States, by accepting delivery of this Base Prospectus, agrees to the foregoing and agrees not to reproduce all or any part of this Base Prospectus. This Base Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.

Additionally, each purchaser of any of the Covered Bonds will be deemed to have made the representations, warranties and acknowledgements, which are intended to restrict the resale or other transfer of such Covered Bonds and which are described in this Base Prospectus (see "*Subscription and Sale and Transfer and Selling Restrictions*") and the applicable Final Terms. The Covered Bonds have not been nor will be registered under the Securities Act, and such securities are subject to certain restrictions on transfer. If any Rule 144A Covered Bonds are issued, prospective investors are hereby notified that the seller of any Covered Bond may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Covered Bonds, see "*Subscription and Sale and Transfer and Selling Restrictions*" below and, if applicable, the relevant Final Terms.

Offers and sales of the Covered Bonds in the United States will be made by those Dealer(s) or their affiliates that are registered broker-dealers under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or in accordance with Rule 15a-6 thereunder.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR ANY OTHER U.S. OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES APPROVED OR DISAPPROVED THIS BASE PROSPECTUS OR CONFIRMED THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

### **Available Information**

If any Rule 144A Covered Bonds are issued, each of the Issuer and the LLP, as applicable, has agreed, for so long as any of the Rule 144A Covered Bonds are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act to any holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such holder or beneficial owner of such restricted securities in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such restricted securities or any interest therein, in each case at the request of such holder, beneficial owner or prospective purchaser.

By requesting copies of the documents referred to herein or by making any other requests for additional information relating to the issue of the Covered Bonds or to the Issuer, each potential investor agrees to keep confidential the various documents and all written information which from time to time has been or will be disclosed to it, to the extent that such documents or information are not otherwise publicly

available, and agrees not to disclose any portion of such information to any person except in connection with the proposed resale of the Covered Bonds or as required by law.

### **Rounding Adjustments**

Certain monetary amounts and currency translations included in this document have been subject to rounding adjustments. Accordingly, figures shown as currency translations in certain tables may not be an arithmetic aggregation of the figures which preceded them.

### **Forward-Looking Statements**

This Base Prospectus and certain documents incorporated by reference herein contain certain forward-looking statements within the meaning of Section 21E of the United States Securities Exchange Act (the "**Securities Act**") of 1934, as amended, and Section 27A of the Securities Act, with respect to the BBUKPLC Group. The Issuer cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "projected", "expect", "estimate", "intend", "plan", "goal", "believe", "achieve" or other words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the BBUKPLC Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations and other statements that are not historical fact.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; the UK and any systemically important economy which impacts the UK; the effects of any volatility in credit markets; market-related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the BBUKPLC Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implications of the exercise by the UK of Article 50 of the Treaty of Lisbon and the disruption that may result in the UK from the withdrawal of the UK from the EU; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the BBUKPLC Group's control. As a result, the BBUKPLC Group's actual future results and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the BBUKPLC Group's forward-looking statements.

Subject to the Issuer's obligations under the applicable laws and regulations in relation to disclosure and ongoing information, the Issuer does not undertake any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the FCA, the London Stock Exchange plc (the "**LSE**") or applicable law, the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that the Issuer has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the SEC.

None of the Arrangers, the Dealer(s), the Issuer, the LLP, the Security Trustee, the Bond Trustee or any other party to the Transaction Document has any obligation to update or otherwise revise any projections,

including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

Subject to the Issuer's obligations under the applicable laws and regulations in relation to disclosure and ongoing information, the Issuer does not undertake any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Capitalised terms used in this document, unless otherwise indicated, have the meanings set out in this document. A glossary of defined terms appears at the back of this document (see "*Glossary*").

## PRINCIPAL CHARACTERISTICS OF THE COVERED BOND PROGRAMME

*The following synopsis does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus. For further information, namely regarding the Asset Coverage Test and the Amortisation Test, please see "Summary of the Principal Documents".*

<b>Issuer:</b>	Barclays Bank UK PLC
<b>Guarantor:</b>	Barclays Covered Bonds LLP (the "LLP" or "Guarantor")
<b>Regulated Covered Bonds:</b>	Barclays Bank PLC was admitted to the register of issuers on 11 November 2008 and the Programme and the Covered Bonds issued under the Programme (including those Covered Bonds issued prior to the date of admission) have been admitted to the register of regulated covered bonds pursuant to Regulation 14 of the RCB Regulations. The Issuer was similarly admitted to the register of issuers on 4 April 2018 and the Covered Bonds issued under the Programme will be admitted to the register of regulated covered bonds pursuant to Regulation 14 of the RCB Regulations
<b>Nature of eligible property:</b>	Residential Mortgage Loans and their Related Security, Substitution Assets and Authorised Investments
<b>Compliant with the Banking Consolidation Directive:</b>	Yes, the Programme is intended to be compliant with the Banking Consolidation Directive
<b>Location of eligible residential property underlying Mortgages:</b>	England, Wales, Northern Ireland and Scotland
<b>Maximum Loan to Value Ratio given credit under the Asset Coverage Test:</b>	75 per cent.
<b>Maximum Asset Percentage:</b>	94 per cent.
<b>Asset Coverage Test:</b>	See page 115
<b>Statutory minimum over-collateralisation:</b>	The total principal amount outstanding of the eligible property (as defined in the RCB Regulations) in the asset pool must be more than 108 per cent. of the Principal Amount Outstanding of the Covered Bonds
<b>Statutory interest cover test:</b>	The interest received on the eligible property in the period of 12 months must be equal to or greater than interest due on the Covered Bonds in that period
<b>Amortisation Test:</b>	See page 118
<b>Reserve Fund:</b>	A Reserve Fund will be established in the GIC Account to capture Available Revenue Receipts (unless the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P, F1+ by Fitch and P-1 by Moody's)
<b>Extendable Maturities:</b>	Available
<b>Hard Bullet Maturities:</b>	Available
<b>Asset Monitor:</b>	PricewaterhouseCoopers LLP
<b>Asset Pool Monitor:</b>	KPMG LLP
<b>Asset Segregation:</b>	Yes

<b>N Covered Bond</b> <i>(Namenschuldverschreibung):</i>	Available
<b>Single/Multi Asset Pool designation:</b>	Single Asset Pool, consisting of residential mortgage loans and liquid assets
<b>Substitution Assets:</b>	Asset backed securities are not eligible property and cannot form part of the Asset Pool

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## DOCUMENTS INCORPORATED BY REFERENCE

The following information has been filed with the FCA and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the audited consolidated financial statements of the Issuer and the independent auditor's report thereon in respect of the financial year ended 31 December 2018 (the "**2018 Annual Report**");
- (b) the individual audited financial statements of the Issuer in respect of the year ended 31 December 2017;
- (c) the members' report and audited financial statements of Barclays Covered Bonds LLP in respect of the year ended 31 December 2016 and in respect of the year ended 31 December 2017; and
- (d) the terms and conditions set out on pages 122 to 153 of the Base Prospectus dated 23 September 2009 prepared by Barclays Bank PLC relating to the Programme under the heading "*Terms and Conditions of the Covered Bonds*", the terms and conditions set out on pages 133 to 164 of the Base Prospectus dated 13 August 2010 prepared by Barclays Bank PLC relating to the Programme under the heading "*Terms and Conditions of the Covered Bonds*", the terms and conditions set out on pages 183 to 216 of the Base Prospectus dated 26 August 2011 prepared by Barclays Bank PLC relating to the Programme under the heading "*Terms and Conditions of the Covered Bonds*", the terms and conditions set out on pages 188 to 221 of the Base Prospectus dated 27 September 2016 prepared by Barclays Bank PLC relating to the Programme under the heading "*Terms and Conditions of the Covered Bonds*" and the terms and conditions set out on pages 162 to 196 of the Base Prospectus dated 22 December 2017 prepared by Barclays Bank PLC relating to the Programme under the heading "*Terms and Conditions of the Covered Bonds*".

The above documents may be inspected as described in paragraph 10 of "*General Information*". Any information contained in any of the documents specified above which is not incorporated by *reference* in this Base Prospectus is either not relevant for prospective investors for the purposes of Article 5(1) of the Prospectus Directive or is covered elsewhere in this Base Prospectus. Where the above documents themselves incorporate further information by reference, such further information does not form part of this Base Prospectus.

Those documents listed above under paragraphs (a) and (b) above are available at <http://www.barclays.com/barclays-investor-relations/results-and-reports/annual-reports.html>. Those documents listed above under paragraph (d) above are available at <http://www.morningstar.co.uk/uk/nsm>. No other information on such website is incorporated by reference or is otherwise part of this Base Prospectus. All information incorporated by reference above is also available for inspection during normal business hours on any weekday, from the specified office of the Paying Agent, currently located at Citigroup Centre, Canada Square, London, E14 5LB, United Kingdom.

The Issuer has applied IFRS as issued by the International Accounting Standards Board and as adopted by the EU in the financial statements incorporated by reference above.

### **Supplement to Base Prospectus**

If at any time the Issuer shall be required to prepare a supplement to the Base Prospectus pursuant to Section 87 of the FSMA, or to give effect to the provisions of Article 16(1) of the Prospectus Directive, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Covered Bonds to be listed on the Official List and admitted to trading on the Regulated Market of the London Stock Exchange, shall constitute a supplemental base prospectus as required by the FCA and Section 87 of the FSMA.



## RISK FACTORS

*This section describes the principal risk factors associated with an investment in the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this Base Prospectus, including the following factors, in evaluating an investment in the Covered Bonds or participating in the Programme. Any of the risks described below, or additional risks not currently known to the Issuer or that the Issuer currently deems immaterial, could have a significant or material adverse effect on the business, financial condition, operations or prospects of the Issuer and the BBUKPLC Group and result in a corresponding decline in the value of the Covered Bonds. As a result, investors could lose all or a substantial part of their investment.*

### **Risks relating to the Issuer and the BBUKPLC Group**

For risks relating to the Issuer and the BBUKPLC Group and their impact, see the section entitled "Risk review – Material existing and emerging risks to Barclays Bank UK Group's future performance" on pages 26 to 32 of the 2018 Annual Report (as defined above), which is incorporated by reference herein.

### **Risks relating to the LLP**

#### ***The LLP is only obliged to pay Guaranteed Amounts when such amounts are Due for Payment***

Following service of an Issuer Acceleration Notice on the Issuer, a Notice to Pay will be served by the Bond Trustee on the LLP. Subsequent to a failure by the Issuer to make a payment in respect of one or more Series of Covered Bonds, the Bond Trustee may, but is not obliged to, serve an Issuer Acceleration Notice unless and until requested or directed by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding as if they were a single Series or, if so directed by an Extraordinary Resolution of all the holders of the Covered Bonds, in accordance with Condition 9(a) (*Issuer Events of Default*). Following service of a Notice to Pay on the LLP, under the terms of the Covered Bond Guarantee, the LLP will be obliged to pay Guaranteed Amounts as and when such amounts are Due for Payment. In these circumstances, the LLP will not be obliged to pay any other amounts which become payable for any other reason.

A Notice to Pay will also be served by the Bond Trustee on the LLP following a breach of the Pre-Maturity Test if certain actions are not taken within a specified period. However, service of a Notice to Pay under such circumstances will not oblige the LLP to make payment under the Covered Bond Guarantee until an Issuer Event of Default has occurred or an Issuer Acceleration Notice has been served.

Payments by the LLP will be made subject to any applicable withholding or deduction, and the LLP will not be obliged to pay any additional amounts as a consequence. Prior to service on the LLP of an LLP Acceleration Notice, the LLP will not be obliged to make any payments in respect of broken funding indemnities, penalties, premiums, default interest or interest on interest which may accrue on or in respect of the Covered Bonds. In addition, the LLP will not be obliged at any time to make any payments in respect of additional amounts which may become payable by the Issuer under Condition 7 (*Taxation*).

Subject to any grace period, if the LLP fails to make a payment when Due for Payment under the Covered Bond Guarantee or any other LLP Event of Default occurs, then the Bond Trustee may accelerate the obligations of the LLP under the Covered Bond Guarantee by service of an LLP Acceleration Notice, whereupon the Bond Trustee will have a claim under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount of each Covered Bond, together with accrued interest and all other amounts then due under the Covered Bonds (other than additional amounts payable under Condition 7 (*Taxation*)), although in such circumstances the LLP will not be obliged to gross up in respect of any withholding which may be required in respect of any payment. Following service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP, the Security Trustee may enforce the Security over the Charged Property. The proceeds of enforcement and realisation of the Security shall be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments in the Deed of Charge, and holders of the Covered Bonds will receive amounts from the LLP on an accelerated basis.

***Any Excess Proceeds received by the Bond Trustee will not reduce or discharge any obligations of the LLP under the Covered Bond Guarantee***

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may receive Excess Proceeds. Covered Bondholders should note that such Excess Proceeds shall be paid to the LLP to be applied in accordance with the Priorities of Payments and therefore may not be readily available. See further "*Summary of the Principal Documents – Trust Deed*", below.

***The LLP has finite resources available to it to make payments due under the Covered Bond Guarantee***

Following service of a Notice to Pay on the LLP, the LLP's ability to meet its obligations under the Covered Bond Guarantee will depend on (i) the realisable value of Selected Mortgage Accounts and their Related Security in the Portfolio, including, in relation to the Reference Mortgage Reserves, the ability of the Originator Trustee to accept surrender of the LLP's interest in such Reference Mortgage Reserves to the Seller or, as applicable, sell the Reference Mortgage Reserves to a third party so as to be able to make a corresponding MRT Distribution to the LLP, (ii) the amount of Revenue Receipts and Principal Receipts generated by the Mortgage Loan Portfolio and the Reference Mortgage Reserve Portfolio and the timing thereof, (iii) the amounts received from the Swap Providers, (iv) the realisable value of Substitution Assets held by it and (v) the receipt by it of credit balances and interest on credit balances on the GIC Account. Recourse against the LLP under the Covered Bond Guarantee is limited to the aforementioned assets, and the LLP will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If an LLP Event of Default occurs and the Security created by or pursuant to the Deed of Charge is enforced, should the economic performance or value of the Portfolio be affected, the Charged Property may not be sufficient to meet the claims of all the Secured Creditors, including the holders of the Covered Bonds. For further information see "*Factors affecting the economic performance of the Portfolio and thus the LLP*" and "*The realisable value of the Portfolio or any part thereof or the ability of the LLP to make payments under the Covered Bond Guarantee may be reduced by a number of factors*", along with risk factors (a) to (f) on page 13 below.

If, following enforcement of the Security constituted by or pursuant to the Deed of Charge, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no assurance that the Issuer will have sufficient funds to pay that shortfall.

To help mitigate the risk of a shortfall, the Asset Coverage Test requires that the Adjusted Aggregate Asset Amount is greater than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding and, in addition, the LLP is required to maintain a statutory minimum level of over-collateralisation of the eligible property in the asset pool pursuant to the RCB Regulations. However, there is no assurance that compliance with the Asset Coverage Test or with the statutory minimum over-collateralisation requirement under the RCB Regulations will be sufficient at all times to prevent a shortfall. In particular, the sale of further Mortgage Loans and Related Security by the Seller to the LLP may be required to avoid or remedy a breach of the Asset Coverage Test.

The LLP and the Seller (in its capacity as member) must ensure that, following the occurrence of an Issuer Event of Default, the Amortisation Test is met on each Calculation Date and a breach of the Amortisation Test will constitute an LLP Event of Default and will entitle the Bond Trustee to serve an LLP Acceleration Notice on the LLP. The Asset Coverage Test, the Amortisation Test and the Pre-Maturity Test (each as set out in the LLP Deed) have in the aggregate been structured with the intent to ensure that the Asset Pool is sufficient to pay amounts due on the Covered Bonds and senior expenses (which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding). However, no assurance can be given that the Asset Pool will in fact generate sufficient amounts for such purposes.

***Reliance on methodology for test formulas***

It should be noted that the Asset Coverage Test, the Amortisation Test, the Pre-Maturity Test, the Yield Shortfall Test and the Interest Rate Shortfall Test have been designed to mitigate certain economic and legal stresses in connection with the performance and valuation of the Portfolio, to ensure that the LLP is

able to meet its ongoing requirements at all relevant times. In setting the values and criteria for such tests, modelling has been undertaken on the basis of certain assumptions in certain stress scenarios. However, no assurance can be given that the modelling and the assumptions utilised in such modelling have been able to incorporate or examine all possible scenarios that may occur in respect of the LLP and the Portfolio. As such, no assurance can be given that the methodology and modelling utilised to set the relevant values and criteria within such tests will be sufficient in all scenarios to ensure that the LLP will be able to meet its obligations in full.

***The LLP is reliant on third parties for the performance of certain services to satisfy its obligations under the Covered Bond Guarantee***

The LLP has entered into agreements with a number of third parties that will agree to perform services for the LLP. In particular, but without limitation, the Administrator has been appointed to service Mortgage Accounts in the Portfolio, the Cash Manager has been appointed to calculate and monitor compliance with the Asset Coverage Test and the Amortisation Test and to provide cash management services to the LLP, the Asset Monitor has been appointed to report on the accuracy of the Cash Manager's calculations, the Asset Pool Monitor has been appointed to ensure compliance with the RCB Regulations, the RCB Sourcebook and any guidance issued by the FCA and the GIC Account, and the Transaction Accounts will be held with the Account Bank. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Portfolio or any part thereof or pending such realisation (if the Portfolio or any part thereof cannot be sold) the ability of the LLP to make payments under the Covered Bond Guarantee may be materially adversely affected. For instance, if the Administrator fails to adequately administer the Mortgage Accounts, this may lead to higher incidences of non-payment or default by Borrowers. The LLP will also be reliant on the Swap Providers to provide it with the funds matching its obligations under the Intercompany Loan Agreement and the Covered Bond Guarantee, as described below. In addition, it should be noted that any such event as described above may trigger, or increase the risk of, an LLP Event of Default.

If an Administrator Event of Default occurs pursuant to the terms of the Administration Agreement, then the LLP (with the consent of the Security Trustee) will be entitled to terminate the appointment of the Administrator and appoint a new Administrator in its place. There can be no assurance that a replacement administrator with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans in the Mortgage Loan Portfolio or the Reference Mortgage Reserves on the terms of the Administration Agreement or at all.

In addition, as described below, any replacement administrator will be required to be authorised under the FSMA. The ability of a replacement administrator to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a replacement administrator may affect payments on the Mortgage Loans in the Mortgage Loan Portfolio or collections in respect of the Reference Mortgage Reserves and/or the ability of the LLP to make payments under the Covered Bond Guarantee.

Pursuant to the Administration Agreement, if the Administrator ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 or by S&P of at least BBB- or by Fitch of at least BBB-, the LLP will use reasonable efforts to enter into an alternative administration agreement with a third party who has the required ratings within 60 days of such downgrade.

The Administrator has no obligation itself to advance payments that Borrowers fail to make in a timely fashion. Holders of the Covered Bonds will have no right to consent to or approve of any actions taken by the Administrator under the Administration Agreement.

Neither the Security Trustee nor the Bond Trustee is obliged in any circumstances to act as an Administrator or to monitor the performance by the Administrator of its obligations.

***Counterparties to the Transaction Documents may be required to transfer their rights if they cease to satisfy applicable criteria***

The parties to the Transaction Documents who receive and hold monies pursuant to the terms of such documents (such as the Account Bank) are required to satisfy certain criteria in order to continue to receive and hold such monies.

These criteria include requirements imposed by the FCA under the FSMA and requirements in relation to the short-term, unguaranteed and unsecured ratings ascribed to such party by S&P, Fitch and Moody's. If the party concerned ceases to satisfy the applicable criteria, including such ratings criteria, then the rights and obligations of that party (including the right or obligation to receive moneys on behalf of the LLP) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Transaction Documents.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Covered Bondholders may not be required in relation to such amendments and/or waivers.

***The LLP is reliant on swap providers in order to hedge certain interest rate, currency or other risks connected with the Covered Bond Guarantee***

The Mortgage Loans pay a combination of rates of interest (which, for example are based on fixed rates, Barclays Standard Variable Rates, etc.) which means that the LLP will in turn receive a combination of different interest rates in relation to the Mortgage Loans.

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the LLP under the Mortgage Loans, distributions of MRT Interest Amounts and MRT Principal Amounts from the Mortgage Reserve Originator Trust, the amounts standing to the credit of the GIC Account, any Substitution Assets and any other assets that the LLP may hold from time to time, and amounts payable by the LLP under the Intercompany Loan Agreement to the Issuer and/or amounts payable by the LLP under the Covered Bond Guarantee to Covered Bondholders in respect of the Covered Bonds in issue, the LLP has entered into certain swap transactions with a swap provider ("**Swap Provider**"), including a total return swap transaction and currency and/or interest rate swap transactions.

If the LLP fails to make timely payments of amounts due under any Swap Agreement, then it will have defaulted under that Swap Agreement and such Swap Agreement may be terminated. Further, a Swap Provider is only obliged to make payments to the LLP as long as and to the extent that the LLP complies with its payment obligations under the relevant Swap Agreement. If a Swap Agreement terminates or the relevant Swap Provider is not obliged to make payments or defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the LLP on the payment date under the Swap Agreements, the LLP will be exposed to changes in the relevant currency exchange rates to Sterling (where relevant) and to any changes in the relevant rates of interest. As a result, unless a replacement swap is entered into, the LLP may have insufficient funds to make payments under the Intercompany Loan Agreement or Covered Bond Guarantee.

If a Swap Agreement terminates, then the LLP may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the LLP will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the LLP will be able to find a replacement swap counterparty which has both sufficiently high ratings as may be required by any of the Rating Agencies and which agrees to enter into a replacement swap agreement on similar commercial terms.

If the LLP is obliged to pay a termination payment under any Swap Agreement, any such termination payment will, prior to enforcement, rank senior to amounts due to the Issuer under the Intercompany Loan Agreement or amounts due to the Covered Bondholders on the Covered Bonds, or following enforcement will rank *pari passu* with (or, in relation to the TRS Provider, senior to) such amounts, except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap Agreement to terminate. The obligation to pay a termination payment may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee.

***Differences in timings of obligations of the LLP and the Covered Bond Swap Provider under the Covered Bond Swaps***

With respect to the Covered Bond Swaps, the LLP will pay a monthly amount on each LLP Payment Date to the Covered Bond Swap Provider based on LIBOR for one month Sterling deposits. The Covered Bond Swap Provider will not be obliged to make corresponding swap payments to the LLP under a Covered

Bond Swap until amounts are due and payable by the LLP under the Intercompany Loan Agreement (prior to the service of a Notice to Pay or LLP Acceleration Notice on the LLP) or are Due for Payment under the Covered Bond Guarantee (after the service of a Notice to Pay or LLP Acceleration Notice on the LLP), which periods may be considerably longer than one month (e.g. annual). If the Covered Bond Swap Provider does not meet its payment obligations to the LLP under the relevant Covered Bond Swap and such Covered Bond Swap Provider does not make a termination payment that has become due from it to the LLP, the LLP may have a shortfall in funds with which to make payments under the Covered Bond Guarantee. Such shortfall may be significantly greater than the shortfall that would have arisen had the Covered Bond Swap Provider's payment obligations coincided with LLP's payment obligations under the Covered Bond Guarantee. Consequently, the difference in timing between the obligations of the LLP and the Covered Bond Swap Providers under the Covered Bond Swaps may affect the LLP's ability to make payments under the Covered Bond Guarantee with respect to the Covered Bonds.

***Limited description of the Portfolio***

Covered Bondholders will receive only the limited information set out in this Base Prospectus in relation to the Mortgage Accounts in the Portfolio. It is expected that the constitution of the Portfolio will frequently change due to, for instance:

- (a) the Seller selling additional Mortgage Loans and their Related Security (or New Loan Types and their Related Security) to the LLP with, as applicable, a corresponding Additional MRT Contribution being made by the LLP to the Originator Trustee at such time in relation to any associated Reference Mortgage Reserve (in an amount equal to the then current Mortgage Reserve Account Balance on such Reference Mortgage Reserve);
- (b) New Sellers acceding to the Transaction and selling Mortgage Loans and their Related Security to the LLP (or New Loan Types and their Related Security);
- (c) payments by the Borrowers on those Mortgage Loans and/or associated Reference Mortgage Reserve; and
- (d) the Seller repurchasing Mortgage Loans and their Related Security in accordance with the Mortgage Sale Agreement and the Originator Trustee making a corresponding MRT Distribution to the LLP in accordance with the Mortgage Sale Agreement and the Mortgage Reserve Originator Trust Deed.

There is no assurance that the characteristics of the New Mortgage Accounts will be the same as, or similar to, those of the Mortgage Accounts in the Portfolio as at that Transfer Date or as further described in this Base Prospectus. Nevertheless, on each Transfer Date, each Mortgage Loan will be required to meet the Eligibility Criteria and each Mortgage Account will be required to satisfy the Representations and Warranties set out in the Mortgage Sale Agreement (although the Eligibility Criteria and Representations and Warranties may change in certain circumstances – see “– *Risks Relating to the Covered Bonds – The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without, respectively the holders of the Covered Bonds or Secured Creditors' prior consent*” below). In addition, the Asset Coverage Test is intended to ensure that the Adjusted Aggregate Asset Amount is an amount equal to or in excess of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding. Certain information in relation to the Asset Coverage Test will be set out as at such time in the monthly Investor Report provided by the Cash Manager.

In addition however, Covered Bondholders will receive monthly Investor Reports which shall be prepared by the Cash Manager and will relate to the asset pool at the end of the immediately preceding month and will not reflect any subsequent changes to the Portfolio since such date. The Investor Reports shall not form part of this Base Prospectus.

***Failure to maintain the Mortgage Loan Portfolio in compliance with the Asset Coverage Test may affect the realisable value of the Mortgage Loan Portfolio or any part thereof***

Pursuant to the terms of the Mortgage Sale Agreement, the Seller agrees to use all reasonable endeavours to transfer Mortgage Loans and their Related Security to the LLP (with the related Mortgage Reserves becoming MRT Trust Property and the LLP being required as a result to make an Additional MRT

Contribution pursuant to the terms of the Mortgage Reserve Originator Trust Deed) in order to ensure that the Adjusted Aggregate Asset Amount is in compliance with the Asset Coverage Test. The consideration payable to the Seller for the sale of the Mortgage Loans and Related Security to the LLP will be a combination of (i) a cash payment paid by the LLP and/or (ii) the Seller being treated as having made a Capital Contribution to the LLP (in an amount up to the difference between the outstanding principal balance of the Mortgage 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 Mortgage Loans) and (iii) Deferred Consideration. In respect of any Mortgage Reserves associated with any such Mortgage Loans sold to the LLP becoming Reference Mortgage Reserves, the LLP will make an Additional MRT Contribution to the Originator Trustee pursuant to the terms of the Mortgage Reserve Originator Trust Deed. Such Additional MRT Contribution will be funded by the LLP out of: (i) Available Principal Receipts, subject to and in accordance with the Pre-Acceleration Principal Priority of Payments; and/or (ii) by the proceeds of any Term Advance under the Intercompany Loan Agreement; and/or (iii) by BBUKPLC (in its capacity as a Member of the LLP) making a Seller Mortgage Reserve Capital Contribution to the LLP in an amount equal to the remainder.

Alternatively, BBUKPLC (in its capacity as Member of the LLP) may make a Cash Capital Contribution to the LLP pursuant to the LLP Deed in order to ensure that the LLP is in compliance with the Asset Coverage Test. If a breach of the Asset Coverage Test occurs which is not cured by the next Calculation Date, an Issuer Event of Default will occur. There is no specific recourse by the LLP to the Seller in respect of the failure to sell Mortgage Loans and their Related Security to the LLP nor is there any specific recourse to BBUKPLC if it does not make Cash Capital Contributions to the LLP.

Pursuant to the LLP Deed, the LLP and BBUKPLC (in its capacity as a Member of the LLP) must ensure that on each Calculation Date following service of a Notice to Pay on the LLP but prior to the service of an LLP Acceleration Notice and/or the realisation of the Security and/or the commencement of winding-up proceedings against the LLP, the Amortisation Test Aggregate Asset Amount is in an amount at least equal to the Sterling Equivalent of the aggregate of the Principal Amount Outstanding under the Covered Bonds. The Amortisation Test is intended to ensure that the assets of the LLP do not fall below a certain threshold to ensure that the assets of the LLP are sufficient to meet its obligations under the Covered Bond Guarantee and senior expenses that rank in priority to or *pari passu* with amounts due on the Covered Bonds.

If the Adjusted Aggregate Asset Amount has not been maintained in accordance with the terms of the Asset Coverage Test or the Amortisation Test Aggregate Asset Amount has not been maintained in compliance with the Amortisation Test, then that may affect the realisable value of the Mortgage Loan Portfolio, the Reference Mortgage Reserve Portfolio or any part thereof (both before and after the occurrence of an LLP Event of Default) and/or the ability of the LLP to make payments under the Covered Bond Guarantee. However, failure to satisfy the Amortisation Test on any Calculation Date following an Issuer Event of Default will constitute an LLP Event of Default, thereby entitling the Bond Trustee to accelerate the Covered Bonds against the Issuer (to the extent not already accelerated against the Issuer) and also against the LLP and the LLP's obligations under the Covered Bond Guarantee against the LLP subject to and in accordance with the Conditions.

Prior to the occurrence of an Issuer Event of Default, the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, test the calculations performed by the Cash Manager in respect of the Asset Coverage Test once each year on the Calculation Date immediately prior to each anniversary of the First Issue Date and more frequently in certain circumstances. Following the occurrence of an Issuer Event of Default, the Asset Monitor will be required to test the calculations performed by the Cash Manager in respect of the Amortisation Test pursuant to the terms of the Asset Monitor Agreement.

The Security Trustee shall not be responsible for monitoring compliance with, nor the monitoring of, the Asset Coverage Test, the Pre-Maturity Test or the Amortisation Test or any other test, or supervising the performance by any other party of its obligations under any Transaction Document.

***The LLP and the Originator Trustee will be obliged to sell Selected Mortgage Accounts and their Related Security following Service of a Notice to Pay***

If a Notice to Pay is served on the LLP, then the LLP will be obliged to sell Selected Mortgage Loans (selected on a random basis) and their Related Security and will direct the Originator Trustee to accept surrender of its beneficial interest in the associated Reference Mortgage Reserves to the Seller or, failing

which, sell the associated Reference Mortgage Reserves to third parties, following which surrender or, as applicable, sale, the Originator Trustee will be required to make a corresponding MRT Distribution to the LLP. Following the receipt of such MRT Distribution by the LLP, the relevant Reference Mortgage Reserve will become a Non-Reference Mortgage Reserve. The MRT Distribution required to be made by the Originator Trustee will comprise: (i) an amount equal to the then Mortgage Reserve Account Balance of such Reference Mortgage Reserve (less an amount equal to any Aggregate Potential MRT Interest in respect of such Reference Mortgage Reserve); and (ii) an MRT Interest Amount equal to, *inter alia*, the then Aggregate Potential MRT Interest in respect of such Reference Mortgage Reserve. The proceeds of the sale of the Selected Mortgage Loans and their Related Security, and the corresponding MRT Distributions will be used by the LLP, pursuant to the terms of the LLP Deed, in order to make payments to the LLP's creditors, including payments under the Covered Bond Guarantee.

There is no assurance that a buyer will be found to acquire Selected Mortgage Loans and their Related Security or (if the Seller fails to make the cash payment in respect of the surrender by the LLP of its beneficial interest in such Reference Mortgage Reserves) the Reference Mortgage Reserves at the times required, and there can be no assurance as to the price at which the Selected Mortgage Loans and their Related Security or, as applicable, the Reference Mortgage Reserves may be sold, which may have a material adverse effect on the ability of the LLP to make payments under the Covered Bond Guarantee. However, the LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) may not offer the Selected Mortgage Accounts and their Related Security for sale for an aggregate amount (which amount includes, in the case of the Reference Mortgage Reserves, the principal amount of any MRT Distributions to be distributed to the LLP by the Originator Trustee following receipt of the proceeds of their surrender or, as applicable, sale) which is less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds until six months prior to: (a) the Final Maturity Date in respect of such Covered Bonds; or (b) (if the same is specified as applicable in the relevant Final Terms) the Extended Due for Payment Date under the Covered Bond Guarantee in respect of such Covered Bonds. In the six months prior to, as applicable, the Final Maturity Date or Extended Due for Payment Date, the LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in respect of the related Reference Mortgage Reserves) are obliged to sell the Selected Mortgage Accounts for the best price reasonably available notwithstanding that such price (including, in the case of the Reference Mortgage Reserves, the principal amount of any MRT Distributions to be distributed to the LLP by the Originator Trustee following receipt of the proceeds of their surrender or, as applicable, sale) may be in aggregate less than the Adjusted Required Redemption Amount.

***The LLP will be obliged to sell Selected Mortgage Loans and their Related Security if the Pre-Maturity Test is breached***

If the Pre-Maturity Test is breached and certain actions are not taken within a specified time period, a Notice to Pay will be served on the LLP, and the LLP will be obliged to:

- (a) sell Selected Mortgage Loans and their Related Security; and
- (b) direct the Originator Trustee to accept surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves to the Seller or, failing which, instruct the Originator Trustee to sell the related Reference Mortgage Reserves (following which surrender or, as applicable, sale, the Originator Trustee shall make a corresponding MRT Distribution to the LLP),

in order to make funds available to make payments to its creditors, including under the Covered Bond Guarantee in the event of the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice.

There is no assurance (i) that a suitable buyer will be found to acquire Selected Mortgage Loans and their Related Security and (if the Seller fails to make the cash payment in respect of the surrender by the LLP of its beneficial interest in such Reference Mortgage Reserves) the related Reference Mortgage Reserves, or (ii) that the Selected Mortgage Accounts and their related Security may be refinanced, in each case, at the times required and there can be no assurance as to the price which may be received, which may have a material adverse effect on payments under the Covered Bond Guarantee.

***A realisation of Charged Property will occur following an LLP Event of Default and/or following the commencement of winding-up proceedings against the LLP***

If an LLP Event of Default occurs and an LLP Acceleration Notice is served on the LLP and/or winding-up proceedings are commenced against the LLP, then the Security Trustee will be entitled to enforce the Security created under and pursuant to the Deed of Charge, and the proceeds from the realisation of the Charged Property will be applied by the Security Trustee towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments described in "Cashflows" below.

There is no assurance that the proceeds of realisation of the Charged Property will be in an amount sufficient to repay all amounts due to the Secured Creditors (including the holders of the Covered Bonds) under the Covered Bonds and the Transaction Documents.

If an LLP Acceleration Notice is served on the LLP, then the Covered Bonds may be repaid sooner or later than expected or not at all.

***The realisable value of the Portfolio or any part thereof or the ability of the LLP to make payments under the Covered Bond Guarantee may be reduced by a number of factors***

The Asset Coverage Test and the Amortisation Test are intended to ensure that there will be an adequate amount of Mortgage Accounts in the Portfolio and moneys standing to the credit of the GIC Account to enable the LLP to repay the Covered Bonds following an Issuer Event of Default, service of an Issuer Acceleration Notice on the Issuer and service of a Notice to Pay on the LLP. However, whilst it is expected that Selected Mortgage Accounts and their Related Security could be realised for sufficient values to enable the LLP to meet its obligations under the Covered Bond Guarantee, there is no assurance that this will be the case and it should be noted that the realisable value of Selected Mortgage Accounts and their Related Security comprised in the Portfolio may be reduced at any time by any of the following factors:

- (a) representations or warranties not being given by the LLP (in respect of the Mortgage Loans), the Originator Trustee (in respect of the Reference Mortgage Reserves) or (unless otherwise agreed with the Seller) the Seller;
- (b) default by Borrowers of amounts due on their Mortgage Accounts;
- (c) the Mortgage Loans of New Sellers (together with, if applicable, their related Reference Mortgage Reserves) being included in the Portfolio;
- (d) changes to the lending criteria of the Seller;
- (e) the LLP not having legal title to the Mortgage Loans in the Mortgage Loan Portfolio;
- (f) in the case of the sale of Mortgage Loans by the LLP, the inability to correctly ascertain the proper market value for a Mortgage Loan required to be sold by the LLP (or any receiver appointed to it) which is linked to an associated Reference Mortgage Reserve, due to the aggregate predicted loan to value of the combined Mortgage Loan and Reference Mortgage Reserve being, on an ongoing basis, uncertain due to the potential ability for the relevant Borrower to increase the aggregate level of debt secured against the relevant Mortgaged Property supporting such Mortgage Loan and Mortgage Reserve by way of such Borrower making withdrawals from the relevant Mortgage Reserve from time to time, including after the relevant Mortgage Loan has been sold to a third party, and the fact that any enforcement proceeds from the enforcement of the Related Security are intended to first be applied in discharging the relevant Borrower's obligations under its associated Reference Mortgage Reserve and thereafter in discharging the relevant Borrower's obligations under the associated Mortgage Loan;
- (g) in the case of the sale of a Mortgage Account by the LLP, the fact that there may be limited numbers of potential purchasers for the Reference Mortgage Reserve in such Mortgage Account as a result of, *inter alia*, any entity purchasing the Reference Mortgage Reserve being required to be a deposit-taking institution (although under these circumstances the LLP may, as an alternative, be able to sell, in whole or in part, its beneficial interest in the Mortgage Reserve Originator Trust);



- (h) the risks in relation to some types of Mortgage Accounts which may adversely affect the value of Portfolio or any part thereof;
- (i) limited recourse to the Seller;
- (j) possible regulatory changes by the Financial Conduct Authority, the Prudential Regulation Authority, the Competition and Markets Authority (the "CMA") and other regulatory authorities;
- (k) regulations in the United Kingdom that could lead to some terms of the Mortgage Accounts being unenforceable; and
- (l) other issues which impact on the enforceability of the Mortgage Accounts; and
- (m) general macro-economic conditions and the state of the United Kingdom residential mortgage market.

If there is a deterioration in the realisable value of the Portfolio so that Selected Mortgage Accounts and their Related Security cannot be realised for sufficient values to enable the LLP to meet its obligations under the Covered Bond Guarantee, the holders of the Covered Bonds may be adversely affected.

***Neither the LLP, the Originator Trustee nor the Seller will give any representations or warranties if Selected Mortgage Accounts and their Related Security are to be sold***

Following a breach of the Pre-Maturity Test and/or the occurrence of an Issuer Event of Default, service on the Issuer of an Issuer Acceleration Notice and service on the LLP of a Notice to Pay (but prior to the service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security), the LLP will be obliged to sell Selected Mortgage Loans and their Related Security to third party purchasers, subject to a right of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement and the LLP Deed and to direct the Originator Trustee to accept surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves to the Seller or, failing which, instruct the Originator Trustee to sell the related Reference Mortgage Reserves (following which surrender or, as applicable, sale, the Originator Trustee will be obliged to make a corresponding MRT Distribution to the LLP). In respect of any sale of Selected Mortgage Accounts and their Related Security to third parties, however, neither the LLP nor the Originator Trustee will be permitted to give representations, warranties or indemnities in respect of those Selected Mortgage Accounts and their Related Security (unless expressly permitted to do so by the Security Trustee). There is no assurance that the Seller would give any warranties or representations in respect of the Selected Mortgage Loans and their Related Security. Any Representations or Warranties previously given by the Seller in respect of the Mortgage Accounts in the Portfolio may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Mortgage Accounts and their Related Security could be adversely affected by the lack of representations and warranties which in turn could materially adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee.

***Factors affecting the economic performance of the Portfolio and thus the LLP***

The guarantee granted by LLP in respect of the Covered Bonds, will, *inter alia*, consist of the LLP's interest in the Mortgage Loan Portfolio and its beneficial interest in the Reference Mortgage Reserve Portfolio comprising the MRT Trust Property from time to time. Since the economic value of the Mortgage Loan Portfolio and the Reference Mortgage Reserve Portfolio may increase or decrease, the value of the LLP's assets may decrease (for example if there is a general decline in property values). Neither the Issuer nor the LLP makes any representation, warranty or guarantee that the value of the Mortgage Loans, the associated Mortgaged Property and/or the associated Reference Mortgage Reserves will remain at the same level as it was on the date of the origination of the related Mortgage Account or at any other time.

***Other debt secured over the Portfolio may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee with respect to the Covered Bonds***

The Issuer is also permitted to issue different types of Covered Bonds under the Programme other than those described in this Base Prospectus. The Issuer is able to issue, and has issued, N Covered Bonds (*Namenschuldverschreibungen*), for which no prospectus is required to be published under the

Prospectus Directive and which will not be issued pursuant to (and do not form part of) this Base Prospectus, and will not be issued pursuant to any Final Terms under this Base Prospectus. The UK Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with any N Covered Bonds. The Issuer is also able to issue, and has issued, CHF-denominated Covered Bonds, which are admitted to trading on the SIX Swiss Exchange AG of Switzerland.

Such other Covered Bonds are also guaranteed as to payments of interest and principal pursuant to the Covered Bond Guarantee and are secured over the Portfolio and the other assets of the LLP. Such other Covered Bonds also share the same Security as, and rank *pro rata* and *pari passu* with, the Covered Bonds described in this Base Prospectus. Furthermore, the issuance of any such other Covered Bonds may necessitate new Secured Creditors being added to the Programme who will share an interest in the Charged Property along with the existing Secured Creditors. Since recourse against the LLP is limited to the Portfolio and the other assets of the LLP (or the proceeds of the realisation thereof), the issuance of such other Covered Bonds may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee with respect to the Covered Bonds described in this Base Prospectus.

**The following factors may, without limitation, affect the economic performance and value of the Portfolio and thus the ability of the LLP to perform its obligations:**

(a) *Borrowers may default on their obligations under their Mortgage Accounts*

Borrowers may default on their obligations due under the Mortgage Accounts, whether through failure to pay amounts due under the Mortgage Loan and/or the associated Reference Mortgage Reserve. Defaults by Borrowers may occur for a variety of financial and personal reasons, including loss or reduction of earnings, illness, divorce and other similar factors which may, individually or in combination, lead to an increase in delinquencies by and bankruptcies of Borrowers and could adversely affect the ability of a Borrower to make scheduled payments on the Borrower's Mortgage Account.

Certain national and international macro-economic factors may also contribute to or hinder the economic health of a Borrower and thus the economic performance of the Portfolio, including changes in the national or international economic and financial climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, increasing utility costs and other day to day expenses, political developments and government policies.

It should in particular be noted that despite periods of inflationary pressure, the United Kingdom has generally benefited from a historically low interest rate climate as the Bank of England attempted to limit the slowdown in economic activity in the UK since the global financial crisis. This interest rate climate has potentially allowed Borrowers to mitigate against reductions in salaries, loss of employment and other adverse economic conditions which may have been affecting them. No assurance can be given that if interest rates were to rise, with the resulting effect that interest rates on the Mortgage Accounts were to rise, Borrowers would still be able to meet their payment obligations under their Mortgage Accounts and thus arrears and default levels on the Mortgage Accounts may increase.

The outstanding principal balance of any Defaulted Mortgage Accounts in the Portfolio will be given a reduced weighting for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test. Ultimately, if the timing and payment of the Mortgage Loans and the repayment of any associated Reference Mortgage Reserves (and resulting MRT Distributions) is adversely affected by any of the risks described above, the ability of the LLP to meet its obligations and, *inter alia*, make payments under the Covered Bond Guarantee could be reduced or delayed.

(b) *Values of residential property may decline*

There are conflicting indicators around the robustness of the United Kingdom's residential housing market with some house price falls being registered and confidence falling. There has been direct Bank of England intervention in the housing market through loan to income ratios and such action may become more extensive. There can be no assurance that house prices in the UK will continue to rise or remain stable. If the residential property market in England, Wales,

Northern Ireland and/or Scotland experiences a decline in property values, the value of the Mortgage Accounts could be significantly reduced thereby potentially resulting in: (a) the inability of Borrowers to sell the relevant property at an appropriate level, which could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Accounts; (b) the inability to recover sufficient proceeds following the enforcement of the Mortgage for a Mortgage Account in default to repay in full the amounts outstanding under that Mortgage Account; (c) the Seller having to sell Mortgage Loans to the LLP in order to ensure compliance with the Asset Coverage Test; and/or (d) ultimately, losses to the Covered Bondholders if security is required to be enforced following an LLP Event of Default.

(c) *Borrowers may not be able to repay amounts falling due at the end of the term of the Mortgage Account*

Borrowers are only required to repay principal on an Interest Only Mortgage Loan at the end of the term of the Mortgage Account. There is also no obligation on a Borrower to repay any outstanding Mortgage Reserve Account Balance prior to the end of the term of the Mortgage Account. In addition, whilst interest is charged by the Seller on a Mortgage Reserve (thereby increasing the size of the outstanding Mortgage Reserve Account Balance) there is no obligation on a Borrower to pay any such interest on any scheduled date prior to the end of the term of the Mortgage Loan (**provided that** the Mortgage Reserve Account Balance remains below the then applicable Mortgage Reserve Credit Limit).

The ability of a Borrower to repay these amounts at the end of the term of the Mortgage Account depends on, *inter alia*: (i) such Borrower ensuring that sufficient funds will be available from an investment plan (for example, individual savings accounts, pension policies, personal equity plans or endowment policies); (ii) the financial standing of the Borrower; (iii) tax laws during the term of the Mortgage Loan and on its maturity; and (iv) general economic conditions at the time (as described above). There can be no assurance that there will be sufficient funds from any investment plan for a Borrower to repay the outstanding Mortgage Reserve Account Balance on the relevant Mortgage Reserve.

The LLP does not have the benefit of security over the investment plans of a Borrower. Consequently, in the case of a Borrower in poor financial condition, any investment plan of the Borrower will be an asset available to meet the claims of other creditors too.

There can therefore be no assurance that Borrowers will have the funds required to repay the amounts described above at the end of the term of their Mortgage Account. If a Borrower cannot repay such amounts owed on the Mortgage Account at the end of its term, in the absence of the relevant Mortgage Account being liquidated for a sufficient amount, this may affect the ability of the LLP to make guarantee payments under the Covered Bond Guarantee.

(d) *Levels of arrears*

There can be no assurance that the arrears experience with respect to the Mortgage Accounts in the Portfolio will correspond to the experience of the Seller's overall mortgage account portfolio or that of the residential mortgage market in general. Covered Bondholders should note that the UK has previously experienced a "boom and bust" economic effect in the residential property market. This trend is often exacerbated at times of change to monetary policy, for example increases in interest rates. This boom and bust economic effect has led historically to higher levels of arrears and repossessions. There can be no assurance that the current economic environment will not lead to a similar boom and bust effect, with such resulting high levels of arrears and repossessions at some point in the future. Any increase in the level of defaults and repossessions could have an adverse effect on the ability of the LLP to make payments under the Covered Bond Guarantee.

(e) *Change in characteristics of the Portfolio*

The Lending Criteria and the representations and warranties set out in the Mortgage Sale Agreement may be revised and amended from time to time. If, as a result, any new Mortgage Loans and any associated Reference Mortgage Reserves have been originated under revised Lending Criteria and the Mortgage Loans are then sold to the LLP in accordance with and

pursuant to the terms of the Mortgage Sale Agreement and the associated Mortgage Reserves (if any) become Reference Mortgage Reserves and become MRT Trust Property pursuant to the terms of the Mortgage Reserve Originator Trust Deed, the characteristics of the Portfolio could at such time change. If any such change in the characteristics of the Portfolio were to lead to a deterioration in the quality of the Portfolio, this could adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee.

(f) *Servicing of the Mortgage Loan Portfolio*

Pursuant to the terms of the Administration Agreement, the Administrator is required to administer the Portfolio in accordance with its then applicable Administration Procedures, which includes both the day to day servicing of performing Mortgage Accounts, the setting of interest rates on Mortgage Accounts and how the Administrator manages and handles Mortgage Accounts in arrears, default and repossession. In summary, the Administrator is required to administer the Portfolio in the same manner as the Administrator administers its own mortgage account portfolio and also as would a reasonable and prudent mortgage lender. Failure of the Administrator to perform its functions in accordance with the terms of the Administration Agreement may ultimately lead to the termination of the appointment of the Administrator, but any such failure may also have had an impact on the ability of the LLP (or, in the case of the Reference Mortgage Reserves, the Originator Trustee) to collect in a full and/or timely manner revenue or principal receipts. In addition, any such failure of the Administrator to carry out its Administration Procedures in accordance with the standards and duty of care required under the Administration Agreement may have an adverse effect on the market value of the Mortgage Loans and the Reference Mortgage Reserves and which may, ultimately, result in losses to the Covered Bondholders in the event of a sale of Selected Mortgage Accounts or if the security granted by the LLP is required to be enforced under the Deed of Charge following an LLP Event of Default.

***The Seller will initially retain legal title to the Mortgage Loans***

The sale of the English Mortgage Loans and the Northern Irish Mortgage Loans and their Related Security to the LLP (until transfer of legal title) will take effect in equity only. The sale of the Scottish Mortgage Loans and their Related Security to the LLP will be given effect by Scottish Declarations of Trust by the Seller. In each case, this means that legal title to the Mortgage Loans and their Related Security will remain with the Seller until such time as certain additional steps have been taken, including the giving of notices of the sale to the Borrowers. In addition, it may not be possible for there to be a legal assignment of the benefit of those Insurance Policies in relation to which the LLP has acquired only an equitable interest or interest as beneficiary under a Scottish Declaration of Trust.

In relation to Mortgages of registered land in England, Wales and Northern Ireland and any land in Scotland, until such time as transfers or, in respect of Scottish Mortgages, assignation of such mortgages in favour of the LLP have been completed and registered at HM Land Registry, the Land Registry of Northern Ireland and the Registers of Scotland (as applicable), the sale of the Mortgages to the LLP will take effect in equity or in relation to any Mortgages of land in Scotland, the sale will be effected by means of grant of a declaration of trust, under which the LLP is the sole beneficiary. In the case of Mortgages of unregistered land in England, Wales and Northern Ireland, in order for legal title to pass to the LLP, conveyances of the relevant Mortgages would have to be completed in favour of the LLP.

In relation to Mortgages of land in Scotland, in respect of such Mortgages originated prior to the RFTS Effective Date and granted in favour of Barclays Bank PLC, such Mortgages will remain registered in the name of Barclays Bank PLC at Registers of Scotland rather than in the name of BBUKPLC, unless a notice of title is registered with Registers of Scotland. In addition, in respect of Mortgages of land in Scotland recorded in the General Register of Sasines which were originated prior to the RFTS Effective Date and granted in favour of Barclays Bank PLC, the assignation of legal title to those Mortgages will require to be deduced as part of the registration of such an assignation at Registers of Scotland.

In accordance with the terms of the Mortgage Sale Agreement, none of the Seller, the LLP or the Security Trustee will require notification of such sales to the Borrowers or the execution and completion of such transfers and conveyances in favour of the LLP or the registration of such transfers in order to effect the transfer of legal title to the Mortgage Loans and their Related Security (including, where appropriate, their registration), except in the limited circumstances described below.

The Seller will be required to perfect the transfer of legal title to the Mortgage Loans and their Related Security to the LLP and to notify the Borrowers of the sale of the Mortgage Loans within 20 Business Days of receipt of written notice from the LLP and/or the Security Trustee, requesting that the Seller take such actions. Each of the LLP and the Security Trustee has undertaken that it will not make such a request unless, *inter alia*, any of the following events occur:

- (a) the occurrence of an Issuer Event of Default and service on the Issuer of an Issuer Acceleration Notice and the service on the LLP of a Notice to Pay;
- (b) the Seller and/or the LLP being required to perfect the transfer of legal title to the Mortgage Loans by an order of a court of competent jurisdiction or by a regulatory authority or organisation whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller to comply, to perfect legal title to the Mortgage Loans;
- (c) the occurrence of an Insolvency Event in relation to the Seller; or
- (d) the Seller requesting a transfer by way of assignment or assignation (as appropriate) by giving written notice to the LLP and the Security Trustee.

If the Seller ceases to have a long-term unsecured, unsubordinated and unguaranteed credit rating by S&P of at least BBB-, by Fitch of at least BBB- and by Moody's of at least Baa3 (unless each of the Rating Agencies confirms in writing that the then current ratings of any existing series of Covered Bonds will not be adversely affected), the Seller will be obliged to take steps to perfect the transfer of legal title in and to the Mortgage Loans and their Related Security to the LLP.

Once notice has been given to the Borrowers of the assignment of the Mortgage Loans and their Related Security to the LLP, independent set-off rights which a Borrower has against the Seller (such as, for example, set-off rights associated with Borrowers holding deposits with the Seller) will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under transaction set-off (which are set-off claims arising out of a transaction connected with the Mortgage Loan) will not be affected by that notice and will continue to exist. In relation to a potential transaction set-off in respect of the Mortgage Loans, see below.

It should be noted however, that the Asset Coverage Test seeks to take account of the potential set-off risk associated with Borrowers holding deposits with the Seller (although there is no assurance that all such risks will be accounted for). Further, for so long as the LLP does not have legal title, the Seller will undertake for the benefit of the LLP and the Secured Creditors that it will lend its name to, and take such other steps as may be reasonably required by the LLP and/or the Security Trustee in relation to, any legal proceedings in respect of the Mortgage Loans and their Related Security.

***The Related Security is also security under the Reference Mortgage Reserves***

The Related Security that is assigned to the LLP pursuant to the Mortgage Sale Agreement is also security over amounts owing to the Originator Trustee under the associated Reference Mortgage Reserves. The LLP shall hold the Related Security, to the extent the Related Security secures amounts owing to the Originator Trustee under the associated Reference Mortgage Reserves, on trust for the Originator Trustee. Given that the LLP shall not be able to directly apply such security enforcement proceeds to the amounts owing under the associated Mortgage Reserves (as such amounts are owed by the related Borrower directly to the Originator Trustee), in the event the LLP exercises its rights to enforce the Related Security, the Administrator on behalf of the LLP will distribute such enforcement proceeds when received to the Originator Trustee for the Originator Trustee to apply in reducing the Mortgage Reserve Account Balance of the associated Reference Mortgage Reserves. To the extent that the Originator Trustee fails to recover the full amount outstanding on a Mortgage Reserve Account, such shortfall will lead to a Mortgage Reserve Principal Loss Reduction.

Pursuant to the terms of the Mortgage Sale Agreement, any proceeds recovered from the enforcement of any Related Security of a Mortgage Account are intended to be applied first in discharging the relevant Borrower's obligations under its associated Reference Mortgage Reserve and thereafter in discharging the relevant Borrower's obligations under the associated Mortgage Loans.

***The Lending Criteria applicable to any New Mortgage Loan at the time of its origination may not be the same as those set out in this Base Prospectus***

Pursuant to the terms of the Mortgage Sale Agreement, the Seller (or, prior to the RFTS Effective Date, Barclays Bank PLC) has represented that each of the Mortgage Accounts was originated in accordance with its Lending Criteria applicable at the time of origination. The Lending Criteria consider a variety of factors such as a potential borrower's credit history, employment status and repayment ability, as well as the value of the Property to be mortgaged. In the event of the sale of any New Mortgage Loans and their Related Security to the LLP, representations and warranties will at such time be given to the LLP and the Security Trustee that those New Mortgage Loans (and any associated Reference Mortgage Reserves) and their Related Security were originated in accordance with the Lending Criteria then applicable at the time of the origination of such new Mortgage Loans. Whilst any New Mortgage Loans and their Related Security will have to comply with the representations and warranties set out in the Mortgage Sale Agreement, the Seller retains the right to revise its Lending Criteria as determined from time to time in its absolute discretion and the Lending Criteria applicable to any new Mortgage Account at the time of its origination may not be the same as those in force as at the date of this Base Prospectus, and such differences may be material.

***Investors will have limited recourse to the Seller and the Issuer in respect of a breach of a Representation or Warranty***

The LLP, the Bond Trustee and the Security Trustee will not undertake any investigations, searches or other actions on any Mortgage Loan or its Related Security and will rely instead on the Representations and Warranties given in the Mortgage Sale Agreement by the Seller in respect of the Mortgage Loans sold to the LLP.

In the event of a material breach of any of the Representations and Warranties made by the Seller as at the Transfer Date of any Mortgage Loan which could have a material adverse effect on that Mortgage Loan or its Related Security, the Seller will be required to remedy the breach within 28 Business Days of the Seller becoming aware of the breach or of receipt by it of a notice from the LLP requiring the Seller to remedy the breach.

If the Seller fails to remedy the breach of a Representation and Warranty within 28 Business Days, then the Seller will be required (but only prior to the occurrence of an Issuer Event of Default) to repurchase on or before the next following LLP Payment Date (or such other date that may be agreed between the LLP and the Seller) the relevant Mortgage Loan and its Related Security and any other Mortgage Loans of the relevant Borrower that are included in the Mortgage Loan Portfolio, at their outstanding principal balance as of the date of repurchase or, if applicable, the previous Determination Date, and the Originator Trustee will be required to make an MRT Distribution comprising: (i) a principal amount equal to the Mortgage Reserve Account Balance of such Mortgage Reserve (less an amount equal to any Aggregate Potential MRT Interest in respect of such Mortgage Reserve); plus (ii) an MRT Interest Amount equal to, *inter alia*, the then Aggregate Potential MRT Interest in respect of such Mortgage Reserve as of such previous Determination Date in accordance with the terms of the Mortgage Sale Agreement.

There can be no assurance that the Seller, in the future, will have the financial resources to repurchase a Mortgage Loan or Mortgage Loans and its or their Related Security. However, if the Seller does not repurchase those Mortgage Loans and their Related Security following breach of the Representations and Warranties as described above, then the outstanding principal balance of those Mortgage Loans will be excluded from the calculation of the Asset Coverage Test. There is no further recourse to the Seller or the Issuer in respect of a breach of a Representation or Warranty.

***Fixed charges may take effect under English law as floating charges***

Pursuant to the terms of the Deed of Charge, the LLP has purported to grant fixed charges over, among other things, its interests in the English Mortgage Loans, the Northern Irish Mortgage Loans and their Related Security, the Substitution Assets, its beneficial interest in the Mortgage Reserve Originator Trust and its rights and benefits in the LLP Accounts and all Authorised Investments purchased from time to time.

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the LLP may take effect under English law as floating charges only, if,

for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Property for the security to be said to constitute fixed charges. If the charges take effect as floating charges instead of fixed charges, then, ordinarily as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. For the avoidance of doubt, the position in respect of the fixed charges over the English Mortgage Loans and the Northern Irish Mortgage Loans are similarly affected.

This distinction is of less importance if the RCB Regulations apply because their effect is to prioritise the claims of regulated covered bondholders, other specified parties and certain expenses of the relevant insolvency officeholder regardless of whether the security is fixed or floating in nature. Such prioritised claims and expenses will not however include preferential debts or a "prescribed part" of realisations for unsecured creditors because the duty of the relevant insolvency officeholder to make such payments is disapplied by the RCB Regulations (as described in more detail below under "*The LLP may be found to be subject to the Insolvency Act 2000*").

***Liquidation expenses will be payable out of floating charge assets in priority to the claims of a floating charge holder***

Costs and expenses of any liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of a floating charge holder. This change has been brought about by Section 1282 of the Companies Act 2006 which reverses the decision of the House of Lords in the case of *Leyland Daf* [2004] UKHL 9. For those liquidation expenses that are categorised as litigation expenses, approval from those creditors who have a claim in the property comprised in or subject to a floating charge will be required or alternatively, in some cases, approval will be required from the court. Floating charge realisations upon the enforcement of the floating charge security granted by the LLP would be reduced by the amount of any liquidation expenses.

**Risks Relating to the Covered Bonds**

***Issuer liable to make payments when due on the Covered Bonds***

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference among themselves and (subject to applicable law and any applicable statutory provisions) equally with all other present and future direct, unsecured, unconditional and unsubordinated obligations (save for any obligations to be preferred by law).

The LLP has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and on the LLP of a Notice to Pay or, if earlier, following the occurrence of an LLP Event of Default, service by the Bond Trustee of an LLP Acceleration Notice. The occurrence of an Issuer Event of Default does not constitute an LLP Event of Default. However, failure by the LLP to pay amounts when Due for Payment under the Covered Bond Guarantee would constitute an LLP Event of Default which would entitle the Bond Trustee to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the LLP under the Covered Bond Guarantee and the Security Trustee to enforce the Security. There can be no assurance that the proceeds of the enforcement of the Security will be sufficient to pay in full the Guaranteed Amounts payable under the Covered Bond Guarantee.

***Issuer's ability to make payments due on the Covered Bonds may be affected by soundness of other Financial Institutions***

The Issuer is exposed to many different industries and counterparties in the normal course of its business, but its exposure to counterparties in the financial services industry is particularly significant. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Many of these relationships expose the Issuer to credit risk in the event of default of a counterparty or client. In addition, the Issuer's credit risk may be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure it is due. Many of the hedging and other risk management strategies utilised by the Issuer also involve transactions with financial services

counterparties. The weakness of these counterparties may impair the effectiveness of the Issuer's hedging and other risk management strategies and may ultimately affect the Issuer's ability to make payments on the Covered Bonds.

***A secondary market for the Covered Bonds may not continue or develop further***

No assurance is provided that there is an active and liquid secondary market for the Covered Bonds, and there can be no assurance that a secondary market for the Covered Bonds will continue or develop further. The Covered Bonds have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*". To the extent that a secondary market exists or develops further, it may not continue for the life of the Covered Bonds, or it may not provide holders of the Covered Bonds with liquidity of investment with the result that a holder of the Covered Bonds may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the holder of the Covered Bonds to realise a desired yield. Potential investors must therefore be able to bear the risks of any investment by them in the Covered Bonds for an indefinite period of time.

***Harmonisation of the EU covered bond framework***

In March 2018, the European Commission published legislative proposals for a more harmonised EU covered bond framework. The proposals are made up of a draft directive (replacing current article 52(4) of the UCITS Directive) and intended to establish a revised base-line definition of covered bonds for EU regulatory purposes; and a draft regulation (amending article 129 of the EU Capital Requirements Regulation and certain related provisions) intended to strengthen the requirements for covered bonds to receive preferential capital treatment. The draft directive provides for permanent grandfathering with respect to certain requirements for article 52(4) UCITS Directive-compliant covered bonds issued before the relevant application date, although a similar provision included in the draft amending regulation does not seem to provide for the full necessary adjustment. The proposals are now subject to the standard EU legislative process. As a result, the final position, including the date of entry into force and the date of application of the new regime (aspects of which will require transposition by member states through national laws) are not yet known. Therefore, there can be no assurances or predictions made as to the precise effect of the new regime on the Covered Bonds.

***The Covered Bonds are obligations of the Issuer and the LLP only***

The Covered Bonds will not represent an obligation or be the responsibility of any of the Dealer(s), the Arrangers, the Bond Trustee, the Security Trustee or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators. The Issuer and the LLP will be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

***Limitations on further issuances of Covered Bonds issued under the Programme***

Save in respect of the first issue of Covered Bonds, Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds (in which case they will form part of such Series) or have different terms to an existing Series of Covered Bonds (in which case, they will constitute a new Series).

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share in the security granted by the LLP under the Deed of Charge. If an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds, then, following the service of an Issuer Acceleration Notice the Covered Bonds of all Series outstanding will accelerate at the same time against the Issuer but will be subject to, and have the benefit of, payments made by the LLP under the Covered Bond Guarantee (following service of a Notice to Pay). Payments by the LLP under the Covered Bond Guarantee in relation to such Covered Bonds will continue to be required to be made on their Original Due for Payment Date. If an LLP Event of Default occurs, following service of an LLP Acceleration Notice, the Covered Bonds of all Series outstanding will accelerate against the Issuer (if not already accelerated following an Issuer Event of Default) and the obligations of the LLP under the Covered Bond Guarantee will also accelerate against the LLP.



In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect existing holders of the Covered Bonds:

- (a) the Issuer will be obliged to apply the proceeds of any issue of Covered Bonds to make a Term Advance to the LLP. The LLP will use the proceeds of such Term Advance (after swapping such proceeds into Sterling pursuant to the Swap Agreements if necessary): (i) to purchase each New Mortgage Loan Portfolio, consisting of Mortgage Loans and their Related Security, from the Seller in accordance with the terms of the Mortgage Sale Agreement; (ii) to make an Additional MRT Contribution to the Mortgage Reserve Originator Trust as a result of the related Mortgage Reserves having become Reference Mortgage Reserves on the relevant Transfer Date and; and/or (iii) to invest in Substitution Assets in an amount not exceeding the prescribed limit to the extent required to meet the requirements of Regulations 17(2)(b) and 24(1)(a)(ii) of the RCB Regulations and the Asset Coverage Test; and thereafter the LLP may use such proceeds (a) (subject to complying with the Asset Coverage Test (as described below)) to make a Capital Distribution to a Member; and/or (b) if an existing Series or Tranche, or part of an existing Series or Tranche, of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds), to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced; and/or (c) to make a deposit of all or part of the proceeds in the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the Reserve Fund Required Amount), and the Seller will, subject to the satisfaction of certain conditions (including the Eligibility Criteria), be permitted to (a) assign and substitute further Mortgage Loans and (b) assign non-mortgage assets to the LLP from time to time;
- (b) the Asset Coverage Test will be required to be met both before and immediately after any further issue of Covered Bonds; and
- (c) on or prior to the date of issue of any further Covered Bonds, the Issuer will be obliged to obtain written confirmation from the Rating Agencies that such further issue would not adversely affect the then current ratings of the existing Covered Bonds.

Notwithstanding paragraphs (a) to (c) above, there can be no assurance that any further issuances will not adversely affect existing holders of the Covered Bonds.

***Security Trustee's powers may affect the interests of the holders of the Covered Bonds***

In the exercise of its powers, trusts, authorities and discretions, the Security Trustee shall only have regard to the interests of the holders of the Covered Bonds. In the exercise of its powers, trusts, authorities and discretions, the Security Trustee may not act on behalf of the Seller.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Security Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Security Trustee shall not exercise such power, trust, authority or discretion without the approval of such holders of the Covered Bonds by Extraordinary Resolution or by a direction in writing of such holders of the Covered Bonds of at least 25 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

***Risks related to the structure of a particular issue of Covered Bonds***

Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

- (i) *The Covered Bonds are subject to optional redemption by the Issuer*

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Where an Issuer Call is specified in the applicable Final Terms, the Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate which is as high as the interest rate on the Covered Bonds

being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

- (ii) *If the Issuer converts the Covered Bond between a fixed and floating rate, such conversion could affect the market value and secondary market of the Covered Bond*

Fixed/floating rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the fixed/floating rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

- (iii) *Covered Bonds issued at a substantial discount or premium are subject to greater price volatility*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

- (iv) *Obligations under the Covered Bond Guarantee may be extended beyond the Final Maturity Date of the Covered Bonds*

Following the failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and if, following the service of a Notice to Pay on the LLP (by no later than the date which falls one Business Day prior to the Extension Determination Date), payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds are not paid in full, then the payment of such Guaranteed Amounts may be automatically deferred. This will occur (subject to no LLP Event of Default having occurred) if the Final Terms for a relevant Series of Covered Bonds (the "**relevant Series of Covered Bonds**") provides that such Covered Bonds are subject to an Extended Due for Payment Date.

To the extent that the LLP has received a Notice to Pay in sufficient time and has sufficient moneys available to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of the relevant Series of Covered Bonds, the LLP shall make such partial payment in accordance with the Guarantee Priority of Payments and as described in Condition 6(a) (*Final redemption*) on any Interest Payment Date up to and including the relevant Extended Due for Payment Date subject to moneys being available after having taken into account prior ranking items in the Guarantee Priority of Payments. Payment of the unpaid amount shall be deferred automatically until the applicable Extended Due for Payment Date (where the relevant Series of Covered Bonds are subject to an Extended Due for Payment Date). The Extended Due for Payment Date will fall one year after the Final Maturity Date and interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 (*Interest*) and the LLP will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date. In these circumstances, except where the LLP has failed to apply moneys in accordance with the Guarantee Priority of Payments, failure by the LLP to make payment in respect of the Final Redemption Amount on the Final Maturity Date (or such later date within any applicable grace period) shall not constitute an LLP Event of Default. However, failure by the LLP to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date or the Extended Due for Payment Date will (subject to any applicable grace period) be an LLP Event of Default. This may result in a delay of payments of principal on the relevant Covered Bonds.

(v) *Risks relating to the ratings of the Covered Bonds*

The ratings assigned to the Covered Bonds to be issued under the Programme by Fitch address the probability of default and the loss given default of the Covered Bonds, the ratings assigned to the Covered Bonds by Moody's address the expected loss posed to potential investors and the ratings assigned to the Covered Bonds by S&P express a relative ranking of creditworthiness.

The expected ratings of the Covered Bonds will be set out in the relevant Final Terms for each Series of Covered Bonds. In addition, the Final Terms will specify which Rating Agencies are giving a credit rating to the relevant Series of Covered Bonds. A relevant Series of Covered Bonds may be rated by one or more Rating Agencies as set out therein. However, Covered Bondholders should be aware that any issuance of Covered Bonds will, subject to the comments made below, be subject to written confirmation from the Rating Agencies that such issuance will not adversely affect the then current ratings of the existing Covered Bonds. Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced.

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the Issuer's operations or financial condition, the Issuer's willingness or ability to leave individual transactions outstanding and the Issuer's capital market standing.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds.

In general European regulated investors are restricted under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

(vi) *Risks relating to Covered Bonds which are linked to "benchmarks"*

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**"), the Sterling Overnight Index Average ("**SONIA**") and other interest rates or other types of rates and indices which are deemed to be "benchmarks", are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds linked to such a "benchmark".

For example, the Benchmark Regulation was published in the Official Journal of the EU on 29 June 2016 and has been in effect since 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it: (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed subject to certain exemptions) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed subject to certain exemptions). The Benchmark Regulation could have a material impact on any Covered Bonds linked to or referencing a benchmark, particularly if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmark

Regulation. Such changes could, among other things, have the effect of reducing or increasing the rate or level, or affect the volatility of the published rate or level of the benchmark.

In addition, as the Issuer is a supervised entity for the purposes of the Benchmark Regulation, the Benchmark Regulation could have a material impact on any Covered Bonds linked to or referencing a benchmark in circumstances where an index which is a benchmark could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or registration or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as being subject to an equivalent regime or otherwise recognised or endorsed or fall within an exemption. This could potentially lead to such Covered Bonds being de-listed, adjusted, redeemed early or otherwise affected depending on the particular benchmark and the relevant terms of such Covered Bonds.

More broadly, any of the international or national reforms, or the general increase in regulatory scrutiny of benchmarks, could result in participants no longer submitting rates used for the calculation of such benchmarks or could otherwise increase the costs and risks of administering or participating in the setting of a benchmark and complying with any such regulations or requirements. For example, on 27 July 2017 the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 21 September 2017 the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to Covered Bonds whose interest rates are linked to LIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Covered Bonds, the return on the relevant Covered Bonds and the trading market for securities based on the same benchmark. The "*Terms and Conditions of the Covered Bonds*" set out below provide for certain fall-back arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable. If LIBOR, EURIBOR, SONIA or any other relevant interest rate benchmark is discontinued, and whether or not an amendment is made under Condition 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*) to change the base rate with respect to the Floating Rate Covered Bonds, there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate to allow the transactions under the Swap Agreements to effectively mitigate interest rate risk in respect of the Floating Rate Covered Bonds.

#### ***The market continues to develop in relation to SONIA as a reference rate for Floating Rate Covered Bonds***

On 29 November 2017, the Bank of England and the FCA announced that the Bank of England's Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to SONIA over the following four years across sterling bond, loan and derivatives markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Covered Bonds that reference a SONIA rate issued under this Base Prospectus. Interest on Covered Bonds which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and

immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Covered Bonds which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Covered Bonds. Further, if the Floating Rate Covered Bonds become due and payable under Condition 9 (*Events of Default and Enforcement*), the Rate of Interest payable shall be determined on the date the Covered Bonds became due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Covered Bonds.

In addition, the manner of adoption or application of SONIA reference rates in the covered bond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Covered Bonds referencing SONIA.

Since SONIA is a relatively new market index, Covered Bonds linked to SONIA may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to SONIA, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Covered Bonds may be lower than those of later-issued indexed covered bonds as a result. Further, if SONIA does not prove to be widely used in relation to securities like the Covered Bonds, the trading price of such Covered Bonds linked to SONIA may be lower than those of Covered Bonds linked to indices that are more widely used. Investors in such Covered Bonds may not be able to sell such Covered Bonds at all or may not be able to sell such Covered Bonds at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that SONIA will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Covered Bonds referencing SONIA, as the case may be. If the manner in which SONIA is calculated is changed, that change may result in a reduction of the amount of interest payable on such Covered Bonds and the trading prices of such Covered Bonds.

***Changes to rating methodology and rating criteria may adversely affect the then current ratings of the Covered Bonds***

Covered Bondholders should note that at any time any Rating Agency may revise its relevant rating methodology or revise its current ratings criteria with the result that, among other things, any rating assigned to the Covered Bonds may be lowered and/or in order to comply with any such revised criteria or rating methodology, amendments may need to be made to the Transaction Documents. However, Covered Bondholders should note that, pursuant to the terms of the Trust Deed and the Deed of Charge, the Issuer, the LLP and the relevant transaction parties will be permitted, but not obliged, to make such amendments to the relevant Transaction Document to effect such changes without the prior consent of the Covered Bondholders of any Series of Covered Bonds issued after 31 October 2013, the Security Trustee and/or the Bond Trustee, **provided that**, the implementation of such changes would not adversely affect the then current ratings of the Covered Bonds. In this regard, Covered Bondholders should note the provisions of Condition 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*).

Any changes to the methodology applied for rating covered bonds or the expectations of the rating agencies with regards to the nature of counterparty contracts and ratings of covered bond pool counterparties might lead to a downgrade of the Covered Bonds or re-affirmation of the Covered Bond rating and might require that certain amendments are made to the Transaction Documents to be able to satisfy the revised criteria.

For the avoidance of doubt, neither the Issuer nor the LLP (nor the Cash Manager) will be obliged, following a change in rating methodology by any Rating Agency, to alter the Asset Percentage or to amend any of the Transaction Documents to maintain the then current ratings of the Covered Bonds.

***The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without, respectively, the holders of the Covered Bonds or other Secured Creditors' prior consent***

Pursuant to the terms of the Trust Deed and the Deed of Charge, the Bond Trustee and the Security Trustee, from time to time and at any time (other than any Secured Creditor who is a party to the relevant document):

- (a) may concur with any person in making or sanctioning any modification if (i) the Bond Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of the Covered Bondholders and (ii) the Security Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of any of the Covered Bondholders; or
- (b) may concur with any person in making or sanctioning any modification which in the opinion of the Bond Trustee and the Security Trustee (i) is made to correct a manifest error (or an error established as such to the satisfaction of the Bond Trustee and the Security Trustee) or (ii) is of a formal, minor or technical nature or is made to comply with mandatory provisions of law; or
- (c) shall concur with any person in making or sanctioning any modification which the Issuer and/or the LLP shall (i) have certified in writing to the Bond Trustee and the Security Trustee as being a modification that is required by, and seeks only to implement, new or anticipated criteria of any Rating Agency and (ii) have obtained a Rating Agency Confirmation in respect of such modification and; provided that:
  - (A) this paragraph (c) shall only be able to be applied and relied upon when considering such modifications as they relate to and/or may affect the interests of the holders of Covered Bonds of any series issued on or after 31 October 2013;
  - (B) the Bond Trustee and the Security Trustee shall not be required to consider the interests of the Covered Bondholders, any other Secured Creditor or any other person in connection with such modifications and shall not monitor or investigate whether the Issuer and/or the LLP is acting in a commercially reasonable manner; and
  - (C) in the opinion of the Bond Trustee and the Security Trustee, such modification would not increase or modify any duties or responsibilities of the Bond Trustee or the Security Trustee or decrease, remove or modify any of the rights, powers, protections or indemnities of the Security Trustee or the Bond Trustee; or
- (d) shall concur with any person in making or sanctioning any modification which the Issuer and/or the LLP shall have certified in writing to the Bond Trustee and the Security Trustee as being a modification that is required by, and seeks only to implement, any requirements which apply to it and/or any other party under EMIR and; provided that:
  - (A) this paragraph (d) shall only be able to be applied and relied upon when considering such modifications as they relate to and/or may affect the interests of the holders of Covered Bonds of any series issued on or after 13 August 2014;
  - (B) the Bond Trustee and the Security Trustee shall not be required to consider the interests of the Covered Bondholders, any other Secured Creditor or any other person in connection with such modifications and shall not monitor or investigate whether the Issuer and/or the LLP is acting in a commercially reasonable manner; and
  - (C) in the opinion of the Bond Trustee and the Security Trustee, such modification would not increase or modify any duties or responsibilities of the Bond Trustee or the Security Trustee or decrease, remove or modify any of the rights, powers, protections or indemnities of the Security Trustee or the Bond Trustee.

The Bond Trustee may only agree to any such modification, waiver, authorisation or determination if the Issuer sends written confirmation to the Bond Trustee:

- (i) that such modification, waiver or authorisation, as applicable, would not result in a breach of the RCB Regulations and/or the Issuer, the Programme ceasing to be registered under the RCB Regulations; and
- (ii) that either: (a) such modification, waiver or authorisation would not require the FCA to be notified in accordance with Regulation 20 of the RCB Regulations; or (b) if such modification, waiver or authorisation would require the FCA to be notified in accordance with Regulation 20 of the RCB Regulations, the Issuer has provided all information required to be provided to the FCA and the FCA has given its consent to such proposed modification, waiver, authorisation or determination.

***Covered Bondholders will be deemed to have consented to certain modifications to the Transaction Documents so long as Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds have not contacted the Bond Trustee in writing***

In addition to the right of the Bond Trustee to make certain modifications to the Transaction Documents without the consent of Covered Bondholders described under "*The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without, respectively, the holders of the Covered Bonds or Secured Creditors' prior consent*", the Bond Trustee shall, without any consent or sanction of the Covered Bondholders or any of the other Secured Creditors, concur with the Issuer in making any modification (other than a Series Reserved Matter) to the Trust Deed, the Conditions or any other Transaction Document to which it is a party or in relation to which it holds security for the purpose of changing the Reference Rate to an Alternative Base Rate as further described in Condition 14(e) (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*) on the relevant Series of Covered Bonds outstanding, to an Alternative Base Rate (and such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change) to the extent there has been or there is reasonably expected to be a material disruption or cessation to LIBOR, in each case, subject to the satisfaction of certain requirements, including receipt by the Bond Trustee of a Base Rate Modification Certificate, certifying, among other things, that the modification is required for its stated purpose.

Other than with respect to modifications made to comply with Article 9, 10 or 11 of EMIR, the Issuer must provide at least 30 days' notice to the Covered Bondholders of the proposed modification in accordance with Condition 13 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds, and Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have not contacted the Bond Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Covered Bonds may be held) within such notification period notifying the Bond Trustee that such Covered Bondholders do not consent to the modification. If, within 30 calendar days from the giving of such notice, Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Covered Bonds may be held) that such Covered Bondholders do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Covered Bondholders of the relevant Series then outstanding is passed in favour of the Base Rate Modification in accordance with Condition 14(e) (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*). However, in the absence of such a notification, all Covered Bondholders will be deemed to have consented to such modification and the Bond Trustee shall, subject to the requirements of Condition 14(e) (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), without seeking further consent or sanction of any of the Covered Bondholders and irrespective of whether such modification is or may be materially prejudicial to the interest of the Covered Bondholders, concur with the Issuer in making the proposed modification.

Therefore, it is possible that a modification could be made without the vote of any Covered Bondholders or even if holders holding less than 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding objected to it. In addition, Covered Bondholders should be aware that, unless they have made arrangements to promptly receive notices sent to Covered Bondholders from any custodians or other intermediaries through which they hold their Covered Bonds and give the same their prompt attention, meetings may be convened or resolutions (including Extraordinary Resolutions) may be proposed and considered and passed or rejected or deemed to be

passed or rejected without their involvement even if, were they to have been promptly informed, they would have voted in a different way from the Covered Bondholders which passed or rejected the relevant proposal or resolution.

***Certain decisions of holders of the Covered Bonds must be taken at Programme level***

Any Extraordinary Resolution (meaning (a) a resolution passed at a meeting of the Covered Bondholders by a majority consisting of not less than 75 per cent. of the persons voting thereat or (b) a resolution in writing of Covered Bondholders holding not less than 75 per cent. of the Principal Amount Outstanding of the Covered Bonds) to direct the Bond Trustee to serve an Issuer Acceleration Notice or a Notice to Pay following an Issuer Event of Default, to direct the Bond Trustee to serve an LLP Acceleration Notice following an LLP Event of Default and any direction to the Bond Trustee or Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding, and therefore, the holders of a single Series of Covered Bonds may not be able to give any directions to the Bond Trustee or the Security Trustee without the agreement of the holders of other outstanding Series of Covered Bonds.

***The Issuer can be a holder of Covered Bonds***

It should be noted that the Issuer is not prohibited from and may, in accordance with applicable laws and regulations, purchase Covered Bonds from time to time and such Covered Bonds will not be automatically cancelled. For so long as the Issuer holds any of the Covered Bonds, it will be entitled to all of the rights to which the holders of such Covered Bonds are entitled (including, without limitation, voting rights). The Issuer's interests with respect to the holding of such Covered Bonds may be different to that of other Covered Bondholders.

***Withholding taxes; no gross-up***

In the event that withholding taxes are imposed by or in any jurisdiction in respect of payments due from the LLP in relation to the Covered Bonds, the LLP is not obliged to gross up or otherwise compensate Covered Bondholders for the fact that the Covered Bondholders will receive, as a result of the imposition of such withholding taxes, amounts which are less than those which they would have received in the absence of those withholding taxes. In addition, it should be noted that the LLP will not be obliged at any time to make any payment of or in respect of additional amounts which may be payable by the Issuer under Condition 7 (*Taxation*) of the Covered Bonds.

***Changes to current law and/or regulation, or to current accounting and/or administrative practices could adversely impact the Programme and the Issuer's ability to make payments under the Covered Bonds***

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on English law, regulatory, accounting and administrative practice in effect as at the date of this Base Prospectus, and having due regard to the expected tax treatment of all relevant entities under United Kingdom tax law and the published practice of the United Kingdom HM Revenue & Customs in force or applied in the United Kingdom as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law, regulatory, accounting or administrative practice in the United Kingdom or to United Kingdom tax law, or the interpretation or administration thereof, or to the published practice of the United Kingdom HM Revenue & Customs as applied in the United Kingdom after the date of this Base Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Covered Bonds when due or the ability of the LLP to make payments under the Covered Bonds Guarantee when due.

***Changes to UK mortgage regulation and to the regulation structure in the United Kingdom may adversely affect payments on the Covered Bonds***

In December 2011, the FSA published a consultation paper that consolidates proposals arising out of its wide-ranging mortgage market review, which was launched in October 2009 to consider strengthening rules and guidance on, *inter alia*, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovers. In



October 2012, the FSA published a feedback statement and final rules that generally came into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing. These rules have, for example, imposed more stringent requirements on lenders to assess the affordability of a loan made to a borrower and to verify the income of a borrower.

In relation to interest-only loans that are not buy-to-let loans, the mortgage market review introduced rules that require relevant institutions, with effect from 26 April 2014, to obtain evidence (with permitted exceptions) that a borrower will have in place a clearly understood and credible payment strategy and that the payment strategy has the potential to repay the principal at the end of the term of an interest-only loan. The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: (a) published a report in June 2015 following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and (b) began a further thematic review on responsible lending in April 2015. This thematic review was published in May 2016 and summarises the key findings of how firms are applying the responsible lending rules that were introduced in April 2014 following the mortgage market review. The scope of the review is restricted to residential first charge lending for new and existing borrowers. In December 2016, the FCA launched a market study focusing on consumers' ability to make effective choices in the first charge residential mortgage market, on which it produced an interim report in May 2018 and a final report in March 2019. This is in addition to regulatory reforms being made as a result of the implementation of the European Directive on credit agreements relating to residential property from 21 March 2016. It is possible that further changes may be made to the FCA's MCOB rules as a result of these reviews and regulatory reforms.

Any further changes in MCOB arising from the FCA's review of the implementation of its mortgage market review, or to MCOB or the FSMA arising from (i) HM Treasury's proposals to change mortgage regulation or changes in the regulatory framework, including the Mortgage Credit Directive or (ii) any future review carried out by the FCA, may adversely affect the Mortgage Loans, the Seller and/or the Administrator and their respective businesses and operations.

#### ***Risks relating to the RCB Regulations***

The Issuer has been admitted to the register of issuers and the Programme and the Covered Bonds issued under the Programme (including those Covered Bonds issued prior to the date of admission) have been admitted to the register of regulated covered bonds under the RCB Regulations.

Covered Bondholders should note that the RCB Regulations and the FCA's Regulated Covered Bonds Sourcebook (the "**RCB Sourcebook**") impose ongoing obligations and liabilities on both the Issuer and the LLP. In this regard, the LLP is required to, among other things, following the insolvency of the Issuer, make arrangements for the maintenance and administration of the asset pool, to ensure compliance with certain asset capability and quality-related requirements. Following an Issuer Event of Default, Mortgage Loans and their Related Security will not be transferred to the LLP. This may affect the ability of the LLP to comply with such asset quality-related requirements.

The FCA has the authority to take certain actions in respect of the Issuer and/or the LLP under the RCB Regulations. Such actions include directing the winding-up of the LLP, removing the Issuer from the register of issuers (however, pursuant to the RCB Regulations, a regulated covered bond may not be removed from the relevant register prior to the expiry of the whole period of validity of the relevant covered bond), directing the Issuer and/or the LLP to take specified steps for the purpose of complying with the RCB Regulations and/or imposing a financial penalty of such amount as it considers appropriate in respect of the Issuer or the LLP and/or restricting the ability of the Seller to transfer further loans to the LLP. Additionally, the FCA may take certain actions in respect of issuers using its general powers under the UK regulatory regime (including restricting an issuer's ability to transfer further assets to the asset pool). To date there is no example and/or clarity as to how the FCA will apply the discretionary powers that it has been given under the RCB Regulations. There is a risk that any such enforcement actions by the FCA may reduce the amounts available to pay Covered Bondholders. A winding-up of the LLP, in particular prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, may have an adverse effect on the ability of the Issuer to make payments under the Covered Bonds.

With respect to the risks referred to above, see also the sections "*Cashflows*" and "*Description of the RCB Regulations*" below for further details.

### *The Banking Act 2009*

The Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm. Relevant transaction parties for these purposes include Barclays Bank UK PLC in its capacities as the Issuer and a Covered Bond Swap Provider and the LLP may be considered a banking group company (see below).

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

These tools may be applied in circumstances in which the UK authorities consider that a UK bank or investment firm is failing or are likely to fail to satisfy the FSMA threshold conditions for authorisation to carry on certain regulated activities (within the meaning of Section 55B FSMA) or, in the case of a UK banking group company that is an EEA or third country institution or investment firm, that the relevant EEA or third country relevant authority is satisfied that the resolution conditions are met in respect of such entity.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of the Issuer, such action may (among other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents (including limiting its capacity to meet its repayment obligations) and/or result in (i) the transfer of the Covered Bonds, (ii) the cancellation, modification or conversion to equity of certain unsecured liabilities of such entity under the Transaction Documents, including any unsecured portion of the liability in respect of the Covered Bonds at the relevant time, (iii) the de-listing, conversion and/or replacement of the Covered Bonds and/or (iv) modifications to the Terms and Conditions of the Covered Bonds (including variations of provisions relating to the interest payable, the maturity date or any other dates on which payments may be due) and/or the Transaction Documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool (including any unsecured portion of the liability in respect of the Covered Bonds at the relevant time), the reduction of the relevant liability (including to zero) and/or the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the Transaction Documents in respect of the Issuer, including trigger events in respect of perfection of legal title to the Mortgage Loans and the Issuer Events of Default).

If an instrument or order were to be made under the Banking Act in respect of a relevant entity as described above (other than the Issuer), such action may have an impact on various other aspects of the transaction, including resulting in modifications to any unsecured liability of such entity under the

Transaction Documents and, more generally, affecting the ability of such entities to perform their obligations under the Transaction Documents. As a result, the making of an instrument or order in respect of a relevant entity may affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee and/or otherwise adversely affect the rights and interests of the Covered Bondholders.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain conditions are met. If the LLP was regarded to be a banking group company and no exclusion applied, then it would be possible in certain scenarios for the relevant authority to exercise one or more relevant stabilisation tools (including the property transfer powers and/or the bail-in powers) in respect of it, which could result in reduced amounts being available to make payments under the Covered Bond Guarantee and/or in the modification, cancellation or conversion of any unsecured portion of the liability of the LLP under the Covered Bond Guarantee at the relevant time. In this regard, it should be noted that the UK authorities have provided an exclusion for covered bond vehicles, which exclusion is expected to extend to the LLP, although aspects of the relevant provisions are not entirely clear.

Although the bail-in powers are not intended to apply to secured debt (such as the rights of holders of the Covered Bonds in respect of the Covered Bond Guarantee), investors should assume that, in a resolution situation, financial public support will only be available to a relevant entity as a last resort after the relevant UK resolution authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the Issuer and there has been no indication that any such instrument or order will be made, but there can be no assurance that this will not change and/or that Covered Bondholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Covered Bondholders would recover compensation promptly and equal to any loss actually incurred. It should also be noted that any extraordinary public financial support provided to a relevant institution through any stabilisation action (such as temporary public ownership) would likely only be used by the UK authorities as a last resort only after having assessed and exploited, to the maximum extent practicable, the resolution tools and powers described above.

Lastly, as a result of the EU Bank Recovery and Resolution Directive 2014/59/EU (the "**BRRD**") providing for the establishment of an EEA-wide framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that an institution with its head office in an EEA state other than the UK and/or certain group companies (such as a relevant Covered Bond Swap Provider) could be subject to certain resolution actions in that other state. Once again, any such action may affect the ability of any relevant entity to satisfy its obligations under the Transaction Documents and there can be no assurance that Covered Bondholders will not be adversely affected as a result.

#### ***Certain expenses of insolvency officeholders will rank ahead of the Covered Bonds***

Under the RCB Regulations, certain costs and expenses of an insolvency officeholder in respect of the LLP (including a liquidator, administrator or an administrative receiver) rank ahead of the claims of the Covered Bondholders with respect to both fixed and floating charge realisations. While the RCB Regulations are not clear as to the scope of these permitted costs and expenses, it appears that these costs and expenses would include costs incurred by the officeholder in relation to certain senior service providers and also general expenses incurred in a winding-up, administration, administrative receivership or receivership of the LLP (which could include any corporation tax charges). This is a departure from the general position under English or Scots law which provides that the expenses of any administration (and, following the implementation of new Section 176ZA of the Insolvency Act 1986 on 6 April 2008, the expenses of any liquidation) only rank ahead of unsecured debts and a floating chargee's claims.

Whilst it is intended that the LLP should be a bankruptcy-remote entity and a provision has been included in the Deed of Charge such that each Secured Creditor agrees that if it receives any amounts in respect of any secured liabilities owed to it other than in accordance with the provisions of the Deed of Charge (including the Post-Enforcement Priority of Payments set out therein), then such amounts will be held on trust for the Security Trustee and paid over to the Security Trustee immediately upon receipt so that such amounts may be applied in accordance with the Post-Enforcement Priority of Payments set out in the Deed of Charge and referred to under the section "*Cashflows*" below, there is a risk that in certain

circumstances the relevant provisions of the RCB Regulations may result in a reduction in the amounts available to pay Covered Bondholders.

***In certain instances, a Covered Bondholder who holds a principal amount of less than the Minimum Specified Denomination may not receive Definitive Covered Bonds equivalent to the value of their investment***

Although Covered Bonds which are admitted to trading on a regulated market in the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive are required to have a minimum denomination of €100,000 (or, where the Specified Currency is not Euro, its equivalent in the Specified Currency) that are not integral multiples of €100,000 (or its equivalent in alternate currencies), in relation to any issue of Covered Bonds which have a denomination consisting of the Minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case, a Covered Bondholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Specified Denomination may not receive Definitive Covered Bonds (should Definitive Covered Bonds be printed) and may need to purchase a principal amount of Covered Bonds such that its holding is an integral multiple of the Minimum Specified Denomination.

If Definitive Covered Bonds are issued, Covered Bondholders should be aware that Definitive Covered Bonds which have a denomination that is not an integral multiple of the Minimum Specified Denomination may be illiquid and difficult to trade.

#### **Risks Relating to the Legal and Regulatory Regimes in which the Issuer, the BBUKPLC Group and the LLP Operate**

##### ***Political Uncertainty***

On 23 June 2016, the UK held a referendum on whether the UK should remain a member of the European Union. The UK voted to leave the European Union and, on 29 March 2017, the UK Government invoked Article 50 of the Lisbon Treaty and officially notified the European Union of its decision to withdraw from the European Union. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the European Union (the **article 50 withdrawal agreement**). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020.

It remains uncertain whether the article 50 withdrawal agreement will be finalised and ratified by the UK and the European Union ahead of the 31 October 2019 deadline. If it is not ratified, the Treaty on the European Union and the Treaty on the Functioning of the European Union will cease to apply to the UK from that date. Whilst continuing to negotiate the article 50 withdrawal agreement, the UK Government has therefore commenced preparations for a “hard” Brexit or “no-deal” Brexit to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the EU (Withdrawal) Act 2018 to ensure that there is a functioning statute book on 1 November 2019. The European authorities have not provided UK firms and businesses with similar assurances in preparation for a ‘hard’ Brexit.

Due to the ongoing political uncertainty as regards the terms of the UK’s withdrawal from the European Union and the structure of the future relationship, it is not possible to determine the precise impact on general economic conditions in the UK (including on the performance of the UK housing market) and/or on the business of the Issuer or any other party to the Transaction Documents.

Prospective investors should also note that the regulatory position of the Covered Bonds may be affected as a result of provisions under the current regime which restrict the availability of preferential treatment (including with respect to investment limits, regulatory capital and liquidity standards) to covered bonds issued by a credit institution with its registered office in an EEA state. It is uncertain whether such preferential treatment will remain available in respect of the Covered Bonds following the departure of the UK from the European Union and this will depend in part on the terms of the UK’s exit. Investors in the Covered Bonds are responsible for analysing their own regulatory position and none of the Issuer or

the Arrangers makes any representation to any prospective investor regarding the regulatory treatment of their investment at the time of investment or at any time in the future.

In addition, future UK political developments, including, but not limited to, the UK's withdrawal from the European Union and/or any changes in government structure and policies, could affect the fiscal, monetary and regulatory landscape to which the BBUKPLC Group is subject and also therefore its financing availability and terms. Consequently, no assurance can be given that the BBUKPLC Group's operating results, financial condition and prospects would not be adversely impacted as a result.

Northern Ireland's devolved government was dissolved in January 2017 following a scandal involving a renewable heat incentive scheme. The government was dissolved following the failure of Northern Ireland elective representatives to agree on the nomination of a first minister and deputy first minister to the Northern Ireland Executive. The Northern Ireland political parties are currently not engaged in talks to re-establish the Northern Ireland Executive therefore it is impossible to say with any certainty how long the Executive will continue to be dissolved or how this impasse may be resolved. This has led to a period of heightened political uncertainty in Northern Ireland. The Issuer cannot predict the outcome of the resolution process or what impact this might have on the Programme, any Northern Irish Mortgage Loan or on the ability of the Issuer to pay interest and repay principal due on the Covered Bonds.

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the Covered Bonds and/or the market value and/or liquidity of the Covered Bonds in the secondary market.

#### ***Changes in taxes and other assessments may adversely affect the BBUKPLC Group***

The tax and other assessment rules to which the BBUKPLC Group and its customers are subject are regularly reformed, or subject to proposed reforms. Such reforms include changes in the rate of tax or other assessment and, occasionally, the enactment of temporary taxes, the proceeds of which may be earmarked for designated governmental purposes. The effects of these changes and any other changes to tax and other assessment rules cannot be quantified and there can be no assurance that any such reforms will not, once implemented, have an adverse effect upon the BBUKPLC Group's business. Furthermore, such changes may produce uncertainty in the financial system, increasing the cost of borrowing and contributing to the increase in the BBUKPLC Group's non-performing credit portfolio. The following paragraphs discuss major reforms which could have a material adverse effect on the BBUKPLC Group's operating results, financial condition and prospects, and the competitive position of UK banks, including the Issuer.

#### ***The proposed financial transactions tax ("FTT")***

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "**Commission's proposal**") for a financial transaction tax ("**FTT**") to be adopted in certain participating EU member states (including Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the "**participating member states**") and Estonia, although Estonia has since stated that it will not participate). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply certain dealings in Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT could give rise to tax liabilities for the LLP and/or the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as any securities comprised in charged assets)) if the Commission's proposal is adopted. Any such tax liabilities may reduce amounts available to the LLP and/or the Issuer to meet its obligations under the Covered Bond Guarantee or the Covered Bonds (as applicable) and may result in investors receiving less interest or

principal than expected. To the extent that such liabilities may arise at a time when winding-up proceedings have been commenced in respect of the LLP or the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the LLP or the Issuer, as applicable, (and their general estates) in priority to the claims of Covered Bondholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant financial transactions by investors in respect of the Covered Bonds (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt. There is, however, some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between participating member states and the implementation, scope and timing of any tax is uncertain. Additional EU member states may decide to participate. Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

### ***U.S. insolvency proceedings and subordinated provisions***

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the Priority of Payments.

The English Supreme Court held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, a subsequent U.S. Bankruptcy Court decision held that flip clauses are protected under the bankruptcy code and therefore enforceable on bankruptcy. This decision was affirmed on 14 March 2018 by the US District Court. The implications of these conflicting judgments remain unresolved.

If a creditor of the LLP (for example, a swap counterparty, such as Wells Fargo Bank, N.A. London Branch or a related entity) becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the LLP, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law-governed Transaction Documents such as a provision of the Priority of Payments which refers to the ranking of the swap counterparties' payment rights in respect of subordinated termination payments. In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as swap counterparty, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the LLP to satisfy its obligations under the Covered Bonds.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of termination payments, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, put on negative credit watch or withdrawn, the market value of the Covered Bonds may be reduced.

## ***Impact of EMIR on Swap Agreements***

EMIR introduced a number of regulatory requirements for counterparties to derivatives contracts, including: (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the "**Clearing Obligation**"); (ii) a collateral exchange obligation for OTC derivatives contracts not subject to clearing (the "**Collateral Obligation**"); (iii) daily valuation and other risk mitigation requirements for OTC derivatives contracts not subject to clearing; and (iv) certain reporting and record-keeping requirements for all derivatives contracts.

Under EMIR, counterparties can be classified as: (i) financial counterparties ("**FCs**") and (ii) non-financial counterparties. The latter classification is further split into: (i) non-financial counterparties whose positions together with the positions of all other non-financial entities in their "group" (as defined in EMIR) in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold ("**NFC+s**") and (ii) non-financial counterparties whose positions in OTC derivatives do not exceed any of the specified clearing thresholds ("**NFC-s**"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the Collateral Obligation and the daily valuation obligation, such obligations do not apply in respect of NFC- entities. However, a conditional exemption from the Clearing Obligation for certain interest rate hedging transactions associated with covered bonds is available under the relevant implementing measures made to date. In addition, prospective investors should note that a conditional exemption from the Collateral Obligation (for both initial margin and variation margin requirements) is available for certain OTC derivatives entered into in connection with covered bonds. In respect of variation margin, the exemption is a partial exemption and would require the LLP to collect variation margin in the form of cash from its swap counterparties under in-scope Swap Agreements and return cash collected when due. If it was necessary and possible for the LLP to rely on the conditional exemption, this requirement may increase the costs of entering into Swap Agreements for the LLP.

Furthermore, we note Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the "**Securitisation Regulation**"), which entered into force on 17 January 2018, provides for, amongst other things, the development of regulatory technical standards to provide for conditional relief from the Clearing Obligation and the Collateral Obligation for certain covered bond transactions. Although, in May 2018, the European Supervisory Authorities indicated in their published consultations on the draft regulatory technical standards relating to the Securitisation Regulation that, with respect to covered bond swaps, the conditional exemptions provided for under the existing EMIR technical standards would continue to apply.

It should be noted that further regulatory changes may be made to the EMIR framework in the context of the EMIR review process. The legislative process is currently expected to be concluded in Q1-2 2019, following which there will be more clarity on the form the legislative proposals will take and when they will apply (including in respect of existing derivative transactions). No assurances can be given that any changes made to EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above.

The availability of exemptions in respect of the Swap Agreements and the impact of the EMIR review may be affected by the departure of the UK from the European Union and this will depend in part on the terms of the UK's exit, although broader application considerations under EMIR would also arise in a scenario where the LLP is no longer an EU entity. With respect to the risks relating to the UK's departure from the European Union, see "*Political Uncertainty*" above for further details.

The LLP is currently an NFC- although it is possible for its status to change. If the LLP's counterparty status as an NFC- were to change to NFC+ or FC and one or more of the Swap Agreements is regarded to be in-scope (and the LLP is unable to rely on an exemption), then any new Swap Agreements entered into or existing Swap Agreements that are materially amended may become subject to the Clearing Obligation or, more likely, the Collateral Obligation, as the case may be, on or after the relevant clearing compliance date or collateral compliance date, as the case may be, for the relevant counterparty pair and class of derivatives. Prospective investors should note that there is uncertainty with respect to the ability of the LLP to comply with either of these requirements if applicable, which may: (i) lead to regulatory sanctions; (ii) adversely affect the LLP's ability to enter into Swap Agreements; and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the LLP's ability to hedge certain

risks. As a result, the amounts available to the LLP to make payments under the Covered Bond Guarantee may be reduced.

### ***The effect of the Insolvency Act on the LLP***

The Insolvency Act (as amended by, *inter alia*, the Enterprise Act 2002) restricts the right of the holder of a floating charge to appoint an administrative receiver and instead give primacy to collective insolvency procedures (in particular, administration).

The Limited Liability Partnership (Amendment) Regulations 2005 apply the administration provisions of the Insolvency Act to limited liability partnerships (such as to the LLP) with certain modifications.

The Insolvency Act contains provisions which continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. These provisions apply to the LLP as if it were a company. The relevant exception provides that the right to appoint an administrative receiver is retained for certain types of security (such as the Security) which form part of a capital market arrangement (as defined in the Insolvency Act), which would include the issue of covered bonds, and which involves indebtedness of at least £50 million (or, when the relevant security document (being in respect of the transactions described in this Base Prospectus, the Deed of Charge) was entered into, a party to the relevant transaction (such as the Issuer) was expected to incur a debt of at least £50 million) and the arrangement involves the issue of a capital market investment (also defined but generally a rated, listed or traded bond). The Secretary of State may, by secondary legislation, modify the capital market exception and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this Base Prospectus, will not have a material adverse effect on the interests of the holders of the Covered Bonds.

The Insolvency Act also contains an out-of-court route into administration for a qualifying floating charge-holder, the relevant company itself or its directors. These provisions also apply to limited liability partnerships (such as the LLP) with certain modifications. The relevant provisions provide for a notice period during which the holder of the floating charge can either agree to the appointment of the administrator proposed by the directors or the company or appoint an alternative administrator, although a moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating charge-holder does not respond to the directors' or company's notice of intention to appoint, the directors' or, as the case may be, the company's appointee will automatically take office after the notice period has elapsed. Where the holder of a qualifying floating charge which was created within the context of a capital market transaction retains the power to appoint an administrative receiver, such holder may prevent the appointment of an administrator (either by the new out-of-court route or by the court based procedure) by appointing an administrative receiver prior to the appointment of the administrator being completed.

The administration provisions of the Insolvency Act give primary emphasis to the rescue of a company as a going concern and achieving a better result for the creditors as a whole. The purpose of realising property to make a distribution to secured creditors is secondary. As noted above, these administration provisions apply to limited liability partnerships (such as the LLP). No assurance can be given that the primary purpose of these provisions will not conflict with the interests of the holders of the Covered Bonds were the LLP ever to be subject to administration.

### ***The LLP may be found to be subject to the Insolvency Act 2000***

The Insolvency Act 2000 amended the Insolvency Act 1986 (the "**Insolvency Act**") and allows certain "small" companies to seek protection from their creditors for a period of 28 days for the purposes of putting in place a company voluntary arrangement with the option for creditors to extend the moratorium for a further two months. The Limited Liability Partnership (Amendment) Regulations 2005 confirm that the moratorium provisions apply to limited liability partnerships subject to certain modifications.

A "**small**" company is defined as one which satisfies two or more of the following criteria: (i) its turnover is not more than £10.2 million; (ii) its balance sheet total is not more than £5.1 million; and (iii) the number of employees is not more than 50. The position as to whether or not a company is a "small" company may change from time to time and consequently no assurance can be given that the LLP will not, at any given time, be determined to be a "small" company. The United Kingdom Secretary of State



for Business, Energy & Industrial Strategy may by regulation modify the eligibility requirements for "small" companies and can make different provision for different cases. No assurance can be given that any such modification or different provision will not be detrimental to the interest of the holders of the Covered Bonds.

Certain special purpose companies in relation to capital markets transactions are excluded from the optional moratorium provisions. Such exclusions include (a) a company which, at the time of filing for a moratorium, is a party to an agreement which is or forms part of a "capital market arrangement" (as defined in paragraph 4D of Schedule A1 of the Insolvency Act) under which a party has incurred, or when the agreement was entered into was expected to incur, debt of at least £10 million and which involves the issue of a "capital market investment" (also defined but generally a rated, listed or traded bond) and (b) a company which, at the time of filing for a moratorium, has incurred a liability (including a present, future or contingent liability and a liability payable wholly or partly in a foreign currency) of at least £10 million. While the LLP is expected to fall within one of the exceptions, there is no guidance as to how the legislation will be interpreted and the Secretary of State for Business, Energy & Industrial Strategy may by regulation modify the exceptions. No assurance can be given that any modifications of the exceptions will not be detrimental to the interest of the holders of the Covered Bonds. Correspondingly, if the LLP is determined to be a "small" company and determined not to fall within one of the exceptions, then certain actions in respect of the LLP may, for a period, be prohibited by the imposition of a moratorium.

### ***Limited Liability Partnerships***

The LLP is a limited liability partnership. Limited liability partnerships, created by statute pursuant to the LLPA 2000, are bodies corporate for general English law purposes and have unlimited capacity. A general description of limited liability partnerships is set out below under "*Description of Limited Liability Partnerships*". This area of the law is relatively undeveloped. Accordingly, there is a risk that as the law develops, new case law or new regulations made under or affecting the LLPA 2000 or relating to limited liability partnerships could adversely affect the ability of the LLP to perform its obligations under the Transaction Documents which could, in turn, adversely affect the interests of holders of the Covered Bonds.

### ***Pensions Act 2004***

Under the Pensions Act 2004, a person that is "connected with" or an "associate" of an employer under an occupational pension scheme can be subject to either a contribution notice or a financial support direction. The Issuer is an employer under an occupational scheme and also a member of the LLP. On this basis, the LLP is likely to be treated as "connected to" the Issuer. A contribution notice could be served on the LLP if it was party to an act, or a deliberate failure to act (a) which has caused a material detriment to the pension scheme (whether or not intentionally); or (b) the main purpose or one of the main purposes of which was either (i) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under Section 75 of the Pensions Act 1995 or (ii) otherwise than in good faith, to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such a debt which would otherwise become due.

A financial support direction could be served on the LLP where the employer is either a service company or insufficiently resourced. An employer is insufficiently resourced if the value of its resources is less than 50 per cent. of the pension scheme's deficit calculated on an annuity buy-out basis and there is a connected or associated person whose resources at least cover that difference. A financial support direction can only be served where The Pensions Regulator considers it is reasonable to do so, having regard to a number of factors.

As a result of the English Supreme Court decision in *Re Nortel, Re Lehman Companies* [2013] UKSC 52, if The Pensions Regulator issued a financial support direction or contribution notice against the LLP, then, depending on when such a direction or notice was issued (and regardless of whether the LLP was in liquidation or administration, as the case may be, at that time), any corresponding liability would not be treated as an expense of the administration or liquidation (as the case may be). As a result, such a claim would be treated as an ordinary unsecured debt and such claim would not rank in priority to, or *pari passu* with, the rights and claims of the Security Trustee under the Deed of Charge with respect to any charged asset. If a contribution notice or financial support direction were to be served on the LLP this could adversely affect investors in the Covered Bonds.

### ***Volcker Rule***

Section 13 of the Bank Holding Company Act of 1956, as amended, and Regulation VV (12 C.F.R. Section 248) promulgated thereunder by the Board of Governors of the Federal Reserve System (such statutory provision together with such implementing regulations, the "**Volcker Rule**") generally prohibits "banking entities" (which term is broadly defined to include any U.S. bank or savings association whose deposits are insured by the Federal Deposit Insurance Corporation, any company that controls any such bank or savings association, any foreign bank treated as a bank holding company for purposes of Section 8 of the International Banking Act of 1978, as amended, and any affiliate or subsidiary of any of the foregoing entities) from (i) engaging in proprietary trading as defined in the Volcker Rule, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations has been required since 21 July 2017. Under the Volcker Rule, unless jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than those contained in Sections 3(c)(1) and 3(c)(7) of the Investment Company Act.

The LLP is not, and after giving effect to any offering and sale of Covered Bonds and the application of the proceeds thereof will not be, a "covered fund" for purposes of the Volcker Rule. In reaching this conclusion, the LLP has determined that (i) the LLP may rely on the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(C) thereof and (ii) the LLP will not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for its exemption from registration under the Investment Company Act. Although the LLP has conducted careful analysis to determine the availability of the exemption provided by Section 3(c)(5)(C) of the Investment Company Act, there is no assurance that the U.S. Securities and Exchange Commission will not take a contrary position.

There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Covered Bonds. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in the Covered Bonds should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. None of the Issuer, the LLP, the Seller, any Dealers or any other person makes any representation to any prospective investor regarding the application of the Volcker Rule to the Issuer or to such prospective investor's investment in the Covered Bonds, as of the date hereof or at any time in the future. Any prospective investor in the Covered Bonds, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

### **Regulation of the UK Residential Mortgage Market**

In the United Kingdom, regulation of residential mortgage business by the FCA (previously the Financial Services Authority (the "**FSA**") under the FSMA came into force on 31 October 2004 (the "**Mortgage Regulation Date**"). Subject to certain exemptions, entering into as a lender, arranging or advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of those activities) is a regulated activity under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "**RAO**") requiring authorisation and permission from the FCA.

The original definition of a regulated mortgage contract was such that if a mortgage contract was entered into or varied, such that a new contract was entered into on or after the Mortgage Regulation Date, it will be a "**Regulated Mortgage Contract**" under the RAO if, at the time it is entered into (a) the lender provided credit to an individual or trustees, (b) the obligation of the borrower to repay to be secured by a first legal mortgage or (in Scotland) a first ranking Standard Security on land (other than timeshare accommodation) in the UK, at least 40 per cent. of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust or by a related person. A related person (in relation to a Borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is broadly the person's spouse or civil partner or a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife or that person's parent, brother, sister, child

(including step children) grandparent or grandchild. There have been incremental changes to the definition of "Regulated Mortgage Contract" over time, including, from 21 March 2016, as a result of the implementation of the European Mortgage Credit Directive (2014/17/EU) (the **Mortgage Credit Directive**) the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK. The current definition of a regulated mortgage contract is such that it will be a Regulated Mortgage Contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions such as the relevant exclusions for buy-to let loans): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land in the EEA, at least 40% of which is used, or is intended to be used, (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee which is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person. Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are consumer credit back book mortgage contracts and are also therefore Regulated Mortgage Contracts (see "*Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below). Unless an exclusion or exemption applies, each entity carrying on a regulated activity under the FSMA has to hold authorization and permission under the FSMA to carry on that activity.

On and from the Mortgage Regulation Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract ("administering" in this context broadly means notifying borrowers of changes in mortgage payments and/or collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to the authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as an Originator) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

The Seller and Administrator hold authorisation and permission to enter into and to administer and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The LLP is not and does not propose to be an authorised person under the FSMA. The LLP does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The LLP does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered pursuant to an administration agreement by an entity having the required FCA authorisation and permission. If such an administration agreement terminates, however, the LLP will be required to arrange for mortgage administration to be carried out by a replacement administrator having the required FCA authorisation and permission, and will have a period of not more than one month in which to do so.

The LLP will not itself be an authorised person under the FSMA. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity. In addition, no variation has been or will be made to the Mortgage Loans and no Further Advance or Product Switch has been or will be made in relation to a Mortgage Loan, where it would result in the LLP arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the LLP would be required to be authorised under the FSMA to do so.

The FCA's Mortgages and Home Finance: Conduct of Business Sourcebook ("**MCOB**"), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, *inter alia*, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions.

If requirements as to authorisation and permission of lenders and brokers or as to issue and approval of financial promotions are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court. In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA rule, and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken (or exercise analogous rights in Scotland). Any such claim or set-off may reduce the amounts available to meet the payments due in respect of the Covered Bonds and may adversely affect the LLP's ability to make payments on the Covered Bond Guarantee.

Any regulated activities carried on by an entity which is not authorised under the FSMA would be in breach of the general prohibition on conducting unauthorised regulated activities in Section 19 FSMA and would be a criminal offence. In addition to criminal offences, the FCA may take civil action against a firm which breaches Section 19 FSMA with, potentially, the imposition of unlimited fines. Therefore, to the extent that the LLP or Administrator does not ensure that it acts with the necessary authorisation under the FSMA, there is a risk that such action will result in criminal or civil sanctions against the LLP or Administrator. However, this will not render the contract unenforceable against the borrower.

The Seller will give the Loan Warranties to the LLP in the Mortgage Sale Agreement. These include, among other things, that each relevant Mortgage Loan and its Related Security is enforceable (subject to certain exceptions). The Mortgage Sale Agreement provides that in respect of a material breach of a Loan Warranty (which, if capable of remedy, is not remedied within the specified time), the LLP and the Security Trustee may require the Seller to repurchase the relevant Mortgage Loan in exchange for payment of the Repurchase Price.

#### ***Regulation of residential secured lending (other than Regulated Mortgage Contracts)***

The UK government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending replacing the regime for consumer credit under which second charge lending previously fell. The UK government concluded there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is secured by a first or subsequent charge. The European Mortgage Credit Directive (2014/17/EU) ("**MCD**") also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the implementation of the MCD. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the Regulated Mortgage Contract regime rather than keeping them within the consumer credit regime. The policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the CCA. Mortgage regulation under FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. In November 2015, the UK government made legislation the effect of which was that the administration of and other activities relating to those pre-October 2004 first charge mortgages which at that time were regulated by the CCA became regulated mortgage activities from 21 March 2017, although firms could have adopted the new rules from 21 March 2016 if they chose. The move of CCA regulated mortgages to the FSMA regime was implemented by the MCD Order. The government has put in place transitional provisions for existing loans so that some of the CCA protections in place when the loans were originally taken out were not removed retrospectively.

Credit agreements which were originated before 21 March 2016 which are regulated by the CCA and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are defined by the MCD Order as "consumer credit back book mortgage contracts" and are now regulated mortgage contracts. The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance

with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of Section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with Section 77A CCA (duty to serve an annual statement) or Section 86B CCA (duty to serve a notice of sums in arrears) ("**NOSIA**"), once the consumer credit back book mortgage contract became regulated by FSMA under the MCD Order as of 21 March 2016, the sanction of interest not being chargeable under Section 77A CCA and Section 86D CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to the unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in the FCA's Consumer Credit Sourcebook ("**CONC**") and the CCA that are not contained within MCOB.

The Seller will give warranties to the LLP in the Mortgage Sale Agreement that, among other things, each of the respective Mortgage Loans and their Related Security is enforceable (subject to exceptions). If a Mortgage Loan or its Related Security does not comply with these warranties, and if the default cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, then the Seller will, upon receipt of notice from the LLP, be solely liable to repurchase the relevant Mortgage Loan(s) and their Related Security from the LLP in accordance with the Mortgage Sale Agreement.

This regulatory regime may result in adverse effects on the enforceability of certain Mortgage Loans and consequently the LLP's ability to make payment in full on the Covered Bond Guarantee when due.

### ***Unfair relationships***

Under the Consumer Credit Act 2006, the "extortionate credit" regime was replaced by an "unfair relationship" test, which applies to all existing and new credit agreements, except Regulated Mortgage Contracts under the FSMA and also applies to (as described above) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the originator, or any assignee (such as the mortgages trustee), to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct (or anyone acting on behalf of the creditor) before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find the relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation as it has been given meaning under UK unfair contract terms legislation (discussed below) and associated case law and regulatory guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the PRA and the FCA (and, prior to 1 April 2013, the FSA) on that principle and by the FCA (and, prior to 1 April 2014, the OFT) on the unfair relationship test, may also be relevant. Once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

If a court determined that there was an unfair relationship between the lender and the borrowers in respect of the Mortgage Loans and ordered that financial redress was made in respect of such Mortgage Loans, such redress may adversely affect the ultimate amount received by the LLP in respect of the relevant Mortgage Loans, and the realisable value of the Mortgage Loan Portfolio and/or the ability of the LLP to make payments under the Covered Bond Guarantee.

### ***Automatic capitalisation***

On 24 April 2017, the FCA issued finalised guidance (FG17/4) relating to issues arising from automatic capitalisation, in particular cases where lenders both add arrears to an account balance and keep a separate record of the borrower's arrears and seek separate (and additional) payment of those arrears. In the finalised guidance, the FCA state that they expect FCA authorised firms to ensure this practice ceases and to carry out remediation. The review period for remediation commenced on 25 June 2010 and the FCA expects all remediation programmes to be concluded by 30 June 2018.

The FCA have proposed a framework for remediation and, in broad terms, the FCA expect borrowers to be compensated for any incorrectly charged fees and interest and where fees have been paid by the customer, simple interest of 8% p.a. and simple interest of 8% on any "overpayments", i.e. any actual payments of monthly payments in excess of those which would have been required to pay off the arrears had there been no automatic capitalisation. Firms using the remediation framework will only reconstitute mortgage accounts where at least one automatic capitalisation resulted in an additional payment greater than £10 per month. Use of the framework is not mandatory, but the FCA expects firms to determine a remediation approach to achieve fair outcomes for the affected customers.

If any remediation is required or Borrowers bring claims in connection with their loans in respect of an automatic capitalisation, such remediation and claims, and any set-off by Borrowers in respect of such claims against the amount due by the Borrowers under the relevant Mortgage Loans, may adversely affect the ultimate amount received by the LLP in respect of the relevant Mortgage Loans, and the realisable value of the Mortgage Loan Portfolio and/or the ability of the LLP to make payments under the Covered Bond Guarantee.

### ***Distance Marketing Regulations***

The Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of these regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). The regulations (and MCOB in respect of activities related to regulation mortgage contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions, and whether or not there is a right of cancellation. A Regulated Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the UK, will not be cancellable under the regulations but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under these regulations if the borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the borrower receives the last of the prescribed information. Compliance with the regulations may be secured by way of injunction (interdict in Scotland), granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, *inter alia*, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

If the borrower cancels the credit agreement under these regulations, then:

- (a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and
- (c) any security provided in relation to the contract is to be treated as never having had effect in respect of the cancelled agreement.

If a significant portion of the Mortgage Loans are characterised as being cancellable under these regulations, then this may reduce the amounts available to meet the payments due in respect of the Covered Bonds.

### ***Unfair Terms in Consumer Contracts Regulations 1994 and 1999***

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), together with (insofar as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, (the "**UTCCR**")), applies to agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 has revoked the UTCCR in respect of contracts made on or after 1 October 2015 (see "*– Consumer Rights Act 2015*" below).

The UTCCR and the Consumer Rights Act 2015 provide that a consumer (which would include a Borrower under all or almost all of the Mortgage Loans) may challenge a standard term in an agreement on the basis that it is "unfair" within the UTCCR or the Consumer Rights Act 2015, as applicable, and, therefore, not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair.

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal (**provided that** these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention), but may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees.

For example, if a term permitting the lender to vary the interest rate (as the Seller is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee (such as the LLP), to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken. Any such non-recovery, claim or set-off in respect of the Mortgage Loans entered into between 1 July 1995 and 30 September 2015 may reduce the amounts available to meet the payments due in respect of the Covered Bonds.

On 12 January 2016, the FCA and the Competition and Markets Authority (the **CMA**) entered into a memorandum of understanding in relation to consumer protection (the **MoU**) which stated that the CMA may consider fairness, but will not usually expect to do so, where the firm concerned is an authorised firm or an authorised representative under FSMA. Further, the MoU stated that the FCA will consider fairness within the meaning of the CRA and the UTCCR of standard terms, and the CRA of negotiated terms, in financial services contracts issued by authorised firms or appointed representatives, when such firms or representatives are undertaking any regulated activity (as specified in Part II of the RAO), in the UK. In this MoU 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission. This will include contracts for:

- mortgages and the selling of mortgages;
- insurance and the selling of insurance;
- bank, building society and credit union accounts;
- life assurance;
- pensions;
- investments;
- consumer credit;
- consumer hire; and
- other credit-related regulated activities.

MCOB rules for Regulated Mortgage Contracts require that: (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears, and (b) from 25 June 2010, the borrower's payments are allocated first towards paying off the balance of any payment shortfall, excluding any interest or charges on that balance. In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR (such statement has since been withdrawn – see below).

In July 2012, the Law Commission launched a consultation in order to review and update the recommendations set out in their 2005 Report on Unfair Terms in Contracts. In March 2013, the Law Commission published its advice, in a paper entitled "Unfair Terms in Consumer Contracts: Advice to the Department for Business, Innovation and Skills". This advice paper repeated the recommendation from the 2005 Report on Unfair Terms in Contracts that the Unfair Contract Terms Act 1977 and the UTCCR should be consolidated, as well as providing new recommendations, including extending the protections of unfair terms legislation to notices and some additions to the "grey list" of terms (as included in Schedule 2 of the CRA) which are indicatively unfair. The Law Commission also recommends that the UTCCR should expressly provide that, in proceedings brought by consumers, the court is required to consider the fairness of the term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms are included within the Consumer Rights Act 2015.

Historically, the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and firms should no longer rely on the content of the documents that have been removed.

The extremely broad and general wording of the UTCCR and the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans which have been made to Borrowers covered by the UTCCR and the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Mortgage Loans entered into between 1 July 1995 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Covered Bonds.

On 19 December 2018, the FCA published finalised guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG 18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the EU. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms.

The Unfair Contract Terms and Consumer Notices Regulation Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the **CMA Guidance**). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR". The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs".



The guidance issued by the regulators has changed over time and it is possible that it may change in the future. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the LLP, the Administrator and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Mortgage Loans.

### ***Consumer Rights Act 2015***

The main provisions of the Consumer Rights Act came into force on 1 October 2015. The Consumer Rights Act significantly reforms and consolidates consumer law in the UK. The Consumer Rights Act involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR. The Consumer Rights Act has revoked the UTCCR and introduced a new regime for dealing with unfair contractual terms as follows:

Under Part 2 of the Consumer Rights Act, an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair, it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 of the Consumer Rights Act contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract". Although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

A term of a consumer contract which is not on the "grey list" may not be assessed for fairness to the extent that (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it; provided it is transparent and prominent.

Where a term of a consumer contract is "unfair", it will not bind the consumer. However, the remainder of the contract will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

### ***Consumer Protection from Unfair Trading Regulations 2008***

On 11 May 2005, the European Parliament and the Council adopted a Directive (2005/29/EC) regarding unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). Generally, this directive applies full harmonisation, which means that Member States may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, the Unfair Practices Directive permits Member States to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Unfair Practices Directive. The Unfair Practices Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer.

The Unfair Practices Directive is implemented into UK law by the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), which came into force on 26 May 2008. The CPUTR prohibit

certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The CPUTR do not provide consumers with a private act of redress. Instead, consumers must rely on existing private law remedies based on the law of misrepresentation and duress. The Consumer Protection (Amendment) Regulations 2014 (SI No.870/2014) was laid before Parliament on 1 April 2014 and came into force on 1 October 2014. These amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

In addition, the Unfair Practices Directive is taken into account in reviewing rules under the FSMA. For example, MCOB rules for Regulated Mortgage Contracts from 25 June 2010 prevent the lender from (a) repossessing the mortgaged property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or conversion to interest-only for a period, or an alternative product, and (b) automatically capitalising a payment shortfall.

No assurance can be given that the implementation of the Unfair Practices Directive into UK law and any further harmonisation will not have a material adverse effect on the Mortgage Loans or on the manner in which they are serviced and accordingly on the ability of the LLP to meet the payments due in respect of the Covered Bonds.

### ***Repossessions***

The pre-action protocol for repossessions based on mortgage or home purchase plan arrears in respect of residential property in England and Wales came into force on 19 November 2008 and sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders including the Seller have confirmed that they will delay the initiation of repossession action for at least three months after a borrower, who is an owner-occupier, is in arrears. The application of such a moratorium is subject to the wishes of the relevant borrower and may not apply in cases of fraud. The protocol is addressed to residential mortgage lenders and may have adverse effects in markets experiencing above-average levels of possession claims. The protocol may have adverse effects in markets experiencing above average levels of possession.

### ***Home Owner and Debtor Protection (Scotland) Act 2010***

The Scottish Parliament has passed the Home Owner and Debtor Protection (Scotland) Act 2010 (the "**2010 Act**"), Part 1 of which came into effect on 30 September 2010 and contains provisions imposing additional requirements on heritable creditors (the Scottish equivalent to mortgagees) in relation to the enforcement of standard securities over residential property in Scotland. The 2010 Act amends the sections of the Conveyancing and Feudal Reform (Scotland) Act 1970 which permitted a heritable creditor to proceed to sell the secured property where the formal notice calling up the Standard Security had expired without challenge (or where a challenge had been made but not upheld). In terms of the 2010 Act, the heritable creditor is now required to obtain a court order to exercise its power of sale, unless the borrower and any other occupier have surrendered the property voluntarily. In addition, the 2010 Act requires the heritable creditor in applying for a court order to demonstrate that it has taken various preliminary steps to resolve the borrower's position, as well as imposing further procedural requirements. This may restrict the ability of the Seller as heritable creditor of the Scottish Mortgages to exercise its power of sale and may reduce the amounts available to meet the payments due in respect of the Covered Bonds.

### ***Financial Ombudsman Service***

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**") is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code issued by the Council of Mortgage Lenders occurring before the Mortgage Regulation Date may be dealt with by the Ombudsman.

Complaints brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman in relation to the Borrowers would affect the ability of the LLP to make payments to Covered Bondholders.

#### ***Potential effects of any additional regulatory changes***

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Seller, the LLP and/or the Administrator and their respective businesses and operations. This may reduce the amounts available to meet the payments due in respect of the Covered Bonds.

#### ***Regulatory initiatives may have an adverse impact on the regulatory treatment of the Covered Bonds***

In Europe, the U.S. and elsewhere, there is significant focus on fostering greater financial stability through increased regulation of financial institutions, and their corresponding capital and liquidity positions. This has resulted in a number of regulatory initiatives which are currently at various stages of implementation and which may have an impact on the regulatory position for certain investors in covered bond exposures and/or on the incentives for certain investors to hold covered bonds, and may thereby affect the liquidity of such securities. Investors in the Covered Bonds are responsible for analysing their own regulatory position and none of the Issuer, the Guarantor, the Lead Managers or the Arrangers makes any representation to any prospective investor or purchaser of the Covered Bonds regarding the treatment of their investment on the date hereof or at any time in the future.

In particular, it should be noted that the Basel Committee on Banking Supervision ("**BCBS**") has approved a series of significant changes to the Basel regulatory capital and liquidity framework in 2011 (such changes being referred to by the BCBS as "**Basel III**"). Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the liquidity coverage ratio and the net stable funding ratio).

The BCBS published a package of further revisions to Basel III in December 2017, including changes to: standardised approach for credit risk, internal ratings based approaches for credit risk, the credit valuation adjustment risk framework, the operational risk framework, the leverage ratio framework, and a revised output floor. The BCBS expects these changes to be implemented from January 2022, with transitional arrangements up to January 2027, although these timelines remain unclear until such rules are translated into draft European legislation.

As implementation of Basel III requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds, may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

Prospective investors should therefore make themselves aware of the requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Covered Bonds. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### ***Land Registration Reform in Scotland***

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") came into force in Scotland on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

Title to a residential property that is recorded in the General Register of Sasines required to be moved to the Land Register of Scotland (a process known as "first registration") when that property was sold or if the owner decided voluntarily to commence first registration. However, the 2012 Act sets out, in provisions which are being brought into effect in stages, additional circumstances which, will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which would extend to any standard security granted by the LLP in favour of the Security Trustee over Scottish Mortgages in the Mortgage Loan Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Deed of Charge following a transfer to the LLP of legal title to the Scottish Mortgage Loans and their Related Security pursuant to the Mortgage Sale Agreement (a "**Scottish Sasine Sub-Security**")) or (ii) the recording of an assignation of a standard security (which would extend to any assignation granted by the Seller in favour of the LLP in respect of Scottish Mortgages in the Mortgage Loan Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Mortgage Sale Agreement following a transfer to the LLP of legal title to the Scottish Mortgage Loans and their Related Security pursuant to the Mortgage Sale Agreement (a "**Scottish Sasine Transfer**")).

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016 (the "**Commencement Date**"). To the extent that the transactions contemplated by the Transaction Documents involve the sale of pools of mortgages and standard securities originated prior to the Commencement Date, these changes should not have any immediate effect in relation to Scottish Mortgages contained within the Portfolio on any Transfer Date.

If a transfer to the LLP of legal title to the Scottish Mortgage Loans and their Related Security occurs following the Commencement Date, then an application to record a Scottish Sasine Sub-Security in relation to Scottish Mortgages in the Mortgage Loan Portfolio (following the transfer of legal title to such Scottish Mortgages by way of a Scottish Sasine Transfer) will trigger a first registration in the Land Register of Scotland of the underlying Scottish Mortgaged Properties.

The impact of these changes to the Scottish land registration system is unlikely to be of material detriment to the Security Trustee or to the Covered Bondholders for the following reasons: (i) the Registers of Scotland report on the consultation process indicated that whilst these changes are likely to prolong completion of the registration process, where possible they will take a pragmatic view and not burden parties (such as the LLP, Security Trustee or the Borrower who owns the underlying Scottish Mortgaged Property) with unreasonable or arbitrary costs and in particular the report indicates that the Scottish Ministers intend to make an order under Section 110 of the 2012 Act waiving the statutory fee for a first registration where its purpose is the granting of a standard security, which would keep the statutory cost of registering a Scottish Sasine Sub-Security in line with current statutory costs; and (ii) whilst the prolonged registration process is likely to be of practical inconvenience to the Security Trustee and the Covered Bondholders the validity and effectiveness of any Scottish Sasine Sub-Security would be unaffected by the change to the registration system (and the relevant Scottish Mortgages would in any event continue to be covered by the floating charge granted by the LLP under the Deed of Charge). However, it is not unlikely that, were the transfer of legal title to Scottish Mortgage Loans and their Related Security to the LLP to be perfected in accordance with the Mortgage Sale Agreement after the Commencement Date, the parties involved may still encounter increased legal and other third party costs relating to the first registration process and additional administrative burden. There is also the possibility that the LLP/Security Trustee will need to liaise with the Borrower who owns the relevant underlying Scottish Mortgaged Property, as they will need to be involved as applicant in the registration of the title to the relevant Scottish Mortgaged Property.

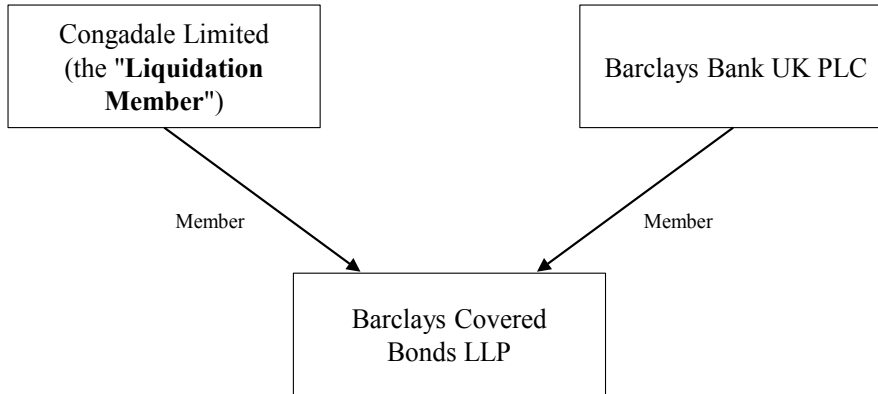
As noted above, no indication has been given as to when or if the above provisions may be extended to other types of dealing with a standard security, such as assignations. However, if the General Register of Sasines becomes closed to assignations of standard securities under the same provisions at any time subsequent to the Programme Date, then this would also have an impact on the registration of Scottish Sasine Transfers executed following the transfer of legal title to the Scottish Mortgage Loans and their Related Security to the LLP being perfected in accordance with the Mortgage Sale Agreement, in a manner similar to Scottish Sasine Sub-Securities, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

As noted above, such events will only occur following the transfer of legal title to the Scottish Mortgage Loans and their Related Security to the LLP being perfected in accordance with the Mortgage Sale Agreement and, given that the proportion of residential properties in Scotland which remain recorded in

the General Register of Sasines continues to decline (Registers of Scotland estimate that in December 2016 61.4 per cent. of property titles in Scotland were registered in the Land Register of Scotland), it is likely that only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.



## OWNERSHIP STRUCTURE OF THE LLP



As at the date of this Base Prospectus, the entire issued share capital of the Liquidation Member is held by Intertrust Corporate Services Limited as share trustee on trust for charitable purposes.

## TRANSACTION PARTIES

Party	Name	Address	Document under which appointed /Further Information
<b>Issuer</b>	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	N/A; see the section entitled " <i>The Issuer and the BBUKPLC Group</i> " for further information. Prior to the RFTS Effective Date, the Issuer was Barclays Bank PLC.
<b>LLP</b>	Barclays Covered Bonds LLP	1 Churchill Place, London, E14 5HP	N/A; see the section entitled " <i>The LLP</i> " for further information.
<b>Seller</b>	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	N/A; see the section entitled " <i>The Issuer and the BBUKPLC Group</i> " for further information.
<b>Originator Trustee</b>	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	Appointed under the Mortgage Reserve Originator Trust Deed; see the section entitled " <i>Summary of the Principal Documents – The Mortgage Reserve Originator Trust and the Mortgage Reserve Originator Trust Deed</i> " for further information.
<b>Administrator</b>	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	Appointed under the Administration Agreement; see the section entitled " <i>Summary of the Principal Documents – Administration Agreement</i> " for further information.
<b>Cash Manager</b>	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	Appointed under the Cash Management Agreement; see the sections entitled and " <i>Cashflows</i> " and " <i>Summary of the Principal Documents – Cash Management Agreement</i> " for further information.
<b>TRS Provider</b>	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	Appointed under the TRS Agreement; see the section entitled " <i>Summary of the Principal Documents – The Swap Agreements – Total Return Swap</i> " for further information.
<b>Covered Bond Swap Provider(s)</b>	Each Covered Bond Swap Provider as may be appointed from time to time	The relevant address of any Covered Bond Swap Provider	N/A; see the section entitled " <i>Summary of the Principal Documents – The Swap Agreements – Covered Bond Swaps</i> " for further information.
<b>Account Bank</b>	Wells Fargo Bank, N.A. London Branch	1 Plantation Place, 30 Fenchurch Street, London EC3M 3BD	Wells Fargo Bank, N.A. London Branch was appointed under the Standby Account Bank Agreement as the standby account bank (the " <b>Account Bank</b> "); see the section entitled " <i>Summary of the Principal Documents – Account Bank</i> "



<u>Party</u>	<u>Name</u>	<u>Address</u>	<u>Document under which appointed /Further Information</u>
			<i>Agreement</i> " for further information.  The Transaction Accounts have been held with Wells Fargo Bank N.A. London Branch since June 2015 (see " <i>Summary of the Principal Documents – Account Bank Agreement</i> ", below).
<b>GIC Provider</b>	Wells Fargo Bank, N.A. London Branch	1 Plantation Place, 30 Fenchurch Street, London EC3M 3BD	Wells Fargo Bank, N.A. London Branch was appointed under the Standby Account Bank Agreement (the " <b>GIC Provider</b> "); see the section entitled " <i>Summary of the Principal Documents – Account Bank Agreement</i> " for further information.  The GIC Account has been held with Wells Fargo Bank, N.A. London Branch since June 2015 (see " <i>Summary of the Principal Documents – Account Bank Agreement</i> ", below).
<b>Swap Collateral Cash Account Bank</b>	Wells Fargo Bank, N.A. London Branch	1 Plantation Place, 30 Fenchurch Street, London EC3M 3BD	Appointed under the Swap Collateral Cash Account Bank Agreement; see the section entitled " <i>Summary of the Principal Documents – Swap Collateral Cash Account Bank Agreement</i> " for further information.
<b>Securities Custodian</b>	The Bank of New York Mellon, acting through its London Branch	One Canada Square, London E14 5AL	Appointed under the Custody Agreement; see the section entitled " <i>Summary of the Principal Documents – Custody Agreement</i> " for further information.
<b>Security Trustee</b>	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, London, E14 5LB	Appointed under the Deed of Charge; see the section entitled " <i>Summary of the Principal Documents – Deed of Charge</i> " for further information.
<b>Bond Trustee</b>	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, London, E14 5LB	Appointed under the Trust Deed; see the section entitled " <i>Summary of the Principal Documents – Trust Deed</i> " for further information.
<b>Registrar</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, London, E14 5LB	Appointed under the Agency Agreement; see the section entitled " <i>Summary of the Principal Documents – Agency Agreement</i> " for further information.
<b>Principal Paying Agent</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, London, E14 5LB	Appointed under the Agency Agreement; see the section entitled " <i>Summary of the Principal Documents – Agency Agreement</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed /Further Information</b>
		5LB	<i>Documents – Agency Agreement</i> " for further information.
<b>Exchange Agent and Transfer Agent</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, London, E14 5LB	Appointed under the Agency Agreement; see the section entitled " <i>Summary of the Principal Documents – Agency Agreement</i> " for further information.
<b>Asset Monitor</b>	PricewaterhouseCoopers LLP	7 More London, Riverside, London SE1 2RT	Appointed under the Asset Monitor Agreement; see the section entitled " <i>Summary of the Principal Documents – Asset Monitor Agreement</i> " for further information.
<b>Asset Pool Monitor</b>	KPMG LLP	15 Canada Square, London, E14 5GL	Appointed under the Asset Pool Monitor Agreement: see the section entitled " <i>Description of the RCB Regulations – Asset Pool Monitor Agreement</i> " for further information.
<b>Liquidation Member</b>	Congadale Limited	35 Great St. Helen's, London, EC3A 6AP	N/A; see the section entitled " <i>The LLP</i> " for further information.
<b>Corporate Services Provider</b>	Intertrust Management Limited	35, Great St. Helen's, London, EC3A 6AP	Appointed under the Corporate Services Agreement; see the section entitled " <i>Summary of the Principal Documents – Corporate Services Agreement</i> " for further information.
<b>Listing Authority and Stock Exchange</b>	UK Listing Authority and the London Stock Exchange		N/A; see the section entitled " <i>General Information</i> " for further information.

## MORTGAGE LOAN PORTFOLIO AND SERVICING

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

<b>Sale of Mortgage Loan Portfolio</b>	<p>The Mortgage Loan Portfolio will consist of Mortgage Loans and their Related Security sold from time to time by the Seller to the LLP in accordance with the terms of the Mortgage Sale Agreement. The types of Mortgage Loans forming part of the Mortgage Loan Portfolio will vary over time, <b>provided that</b>, at the time the relevant Mortgage Loans are sold to the LLP, the Eligibility Criteria (as described below) in respect of such Mortgage Loans are met on the relevant Transfer Date.</p> <p>Each Mortgage Loan will be governed by English law, Scots law or Northern Irish law.</p> <p>The Mortgage Loans comprising the Initial Mortgage Loan Portfolio and any New Mortgage Loan Portfolio may be Standard Variable Rate Mortgage Loans, Fixed Rate Mortgage Loans, Tracker Rate Mortgage Loans or Discounted Variable Rate Mortgage Loans and/or other types of Mortgage Loans that may be assigned to the LLP, from time to time, in accordance with the Mortgage Sale Agreement.</p> <p>All of the Mortgage Loans and Reference Mortgage Reserves (as to which see further below) in the Mortgage Loan Portfolio will be secured by first ranking legal charges over freehold or leasehold properties located in England or Wales or by first priority standard securities over heritable properties located in Scotland or by first ranking mortgage (in the case of unregistered land) or first ranking charge (in the case of registered land) over freehold or leasehold properties located in Northern Ireland.</p> <p>See "<i>Summary of the Principal Documents – Mortgage Sale Agreement</i>" for further information on this.</p>										
<b>Features of Mortgage Loans</b>	<p>The following is a summary of certain features of the Mortgage Loans as at the date of this Base Prospectus and investors should refer to, and carefully consider, the section entitled "<i>The Mortgage Accounts and the Portfolio</i>":</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Type of Borrower</td> <td style="padding: 2px;">Prime</td> </tr> <tr> <td style="padding: 2px;">Type of mortgage</td> <td style="padding: 2px;">Repayment and interest only</td> </tr> <tr> <td style="padding: 2px;">Self-certified Loans</td> <td style="padding: 2px;">No</td> </tr> <tr> <td style="padding: 2px;">Fast-track Loans</td> <td style="padding: 2px;">Yes</td> </tr> <tr> <td style="padding: 2px;">Buy-to-let Loans</td> <td style="padding: 2px;">No</td> </tr> </table>	Type of Borrower	Prime	Type of mortgage	Repayment and interest only	Self-certified Loans	No	Fast-track Loans	Yes	Buy-to-let Loans	No
Type of Borrower	Prime										
Type of mortgage	Repayment and interest only										
Self-certified Loans	No										
Fast-track Loans	Yes										
Buy-to-let Loans	No										
<b>Consideration</b>	<p>The consideration payable by the LLP in respect of the sale of each Mortgage Loan Portfolio will be a combination of:</p> <p>(a) (i) a cash payment paid by the LLP and/or (ii) the Seller being treated as having made a Capital Contribution to the LLP (in an amount up to the difference between the outstanding principal balance of the Mortgage 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 Mortgage Loans); and</p> <p>(b) the payment to the Seller of the Deferred Consideration with</p>										

	respect to the Mortgage Loan Portfolio.
<b>Eligibility Criteria</b>	<p>Any New Mortgage Loans and the Related Security must comply with, among other things, the following criteria on each relevant Transfer Date:</p> <ul style="list-style-type: none"> <li>(a) no Issuer Event of Default or LLP Event of Default under the Transaction Documents shall have occurred which is continuing as at the relevant Transfer Date or Calculation Date (as applicable);</li> <li>(b) 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 Mortgage Loans and their Related Security, would adversely affect the then current ratings by Moody's, S&amp;P or Fitch of the Covered Bonds;</li> <li>(c) the weighted average yield on the TRS is at least 0.15 per cent. greater than LIBOR for one month Sterling deposits;</li> <li>(d) no Mortgage Account has an Aggregate Debt Limit of more than £1,500,000;</li> <li>(e) no Mortgage Loan relates to a Property which is not a residential Property;</li> <li>(f) no Mortgage Loan is in arrears for more than 90 days and no Reference Mortgage Reserve has a Mortgage Reserve Account Balance in excess of the Mortgage Reserve Credit Limit; and</li> <li>(g) no Mortgage Loan constitutes a New Loan Type, in respect of which no written confirmation has been received by the Issuer from each of the Rating Agencies, that such New Loan Type may be sold to the LLP.</li> </ul> <p>See "<i>Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security</i>" for more information on this.</p>
<b>Representations and Warranties</b>	<p>The Seller is required to give certain representations and warranties to the LLP pursuant to the Mortgage Sale Agreement in respect of the Mortgage Loans and any associated Mortgage Reserve on each Transfer Date. The Seller will make the relevant Loan Warranties to the LLP on the Programme Date and each Transfer Date.</p> <p>The Representations and Warranties will include (but will not be limited to) the following matters:</p> <ul style="list-style-type: none"> <li>(a) legal nature of the Mortgage Loans and their Related Security (<i>i.e.</i> the valid, binding and enforceable nature of the relevant Mortgage Loan and the Related Security);</li> <li>(b) (in England and Wales) a first ranking charge by way of legal mortgage or (in Scotland) a first ranking standard security over the relevant Mortgaged Property or (in Northern Ireland) a first ranking mortgage or charge in respect of the relevant Mortgaged Property;</li> <li>(c) each relevant Mortgaged Property is located in England, Wales, Northern Ireland or Scotland;</li> <li>(d) the Borrower has a good and marketable title to the relevant</li> </ul>

	<p>Mortgaged Property;</p> <p>(e) so far as the Seller is aware, no Borrower is in material breach of the Mortgage Conditions of its Mortgage Loan;</p> <p>(f) the first payment due has been paid by the relevant Borrower in respect of each Mortgage Loan and each Mortgage Loan is fully performing;</p> <p>(g) no Mortgage Loan in the Mortgage Loan Portfolio was lent as a buy-to-let Mortgage Loan;</p> <p>(h) no Mortgage Account has an Aggregate Debt Limit of more than £1,500,000; and</p> <p>(i) each Mortgage Loan has a remaining term of less than 50 years.</p> <p>See "<i>Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security</i>".</p>
<b>Lending Criteria</b>	<p>Each of the Mortgage Accounts was originated in accordance with the Lending Criteria applicable at the time of origination.</p> <p>The Seller is entitled to change its Lending Criteria from time to time, so that New Mortgage Loans and associated Mortgage Reserves originated after the date of that change will be subject to such new Lending Criteria. Notwithstanding any such change to such Lending Criteria, such New Mortgage Loans may still be sold to the LLP and such Mortgage Reserves may become Reference Mortgage Reserves, <b>provided that</b> the Mortgage Loans and Mortgage Reserves are able to continue to comply with the Seller's representations and warranties set out in the Mortgage Sale Agreement, including a representation that those New Mortgage Loans and Mortgage Reserves were originated in accordance with the Seller's Lending Criteria applicable at the time of such origination.</p>
<b>Establishment of the Mortgage Reserve Originator Trust</b>	<p>On the MRT Establishment Date, pursuant to the Mortgage Reserve Originator Trust Deed, the Originator Trustee declared the Mortgage Reserve Originator Trust over the Reference Mortgage Reserves in the Reference Mortgage Reserve Portfolio absolutely in favour of the LLP as the Mortgage Reserve Originator Trust Beneficiary. The beneficial interest of the Mortgage Reserve Originator Trust Beneficiary shall be an absolute undivided interest in the MRT Trust Property.</p>
<b>Initial MRT Contribution</b>	<p>On the MRT Establishment Date and in consideration for the establishment of the Mortgage Reserve Originator Trust pursuant to the Mortgage Reserve Originator Trust Deed in favour of the Mortgage Reserve Originator Trust Beneficiary, the LLP paid the Initial MRT Contribution to the Originator Trustee.</p>

<b>Additional MRT Contribution</b>	<p>The LLP, pursuant to the terms of the Mortgage Reserve Originator Trust Deed, is required to make an Additional MRT Contribution on (i) any LLP Payment Date (in respect of any increases in Mortgage Reserve Account Balances on Reference Mortgage Reserves during the immediately preceding Calculation Period), and (ii) any Transfer Date (in respect of the addition of any Reference Mortgage Reserves in the Reference Mortgage Reserve Portfolio following any transfer of any New Mortgage Loan Portfolio to the LLP pursuant to the Mortgage Sale Agreement).</p> <p>Upon the LLP making any such Additional MRT Contribution to the Mortgage Reserve Originator Trust, the MRT Trust Value will increase by an amount equal to such Additional MRT Contribution.</p>
<b>Funding an Additional MRT Contribution</b>	<p>The LLP shall fund an Additional MRT Contribution in the following ways and in the following order of priority:</p> <ul style="list-style-type: none"> <li>(a) from any Available Principal Receipts which are available on an LLP Payment Date; and/or</li> <li>(b) from any sum received by the LLP pursuant to a Term Advance under the Intercompany Loan Agreement on any Transfer Date; and/or</li> <li>(c) by way of a Seller Mortgage Reserve Capital Contribution.</li> </ul>
<b>Deferred MRT Contributions</b>	<p>Pursuant to the terms of the Mortgage Reserve Originator Trust Deed, the LLP shall from time to time to pay the Originator Trustee Deferred MRT Contributions on an LLP Payment Date in an amount determined as a result of the application of the then current Deferred MRT Contribution Calculation Formula to the amount of Deferred Consideration received by the LLP during the immediately preceding Calculation Period, subject to and in accordance with the applicable Priority of Payments.</p>
<b>MRT Interest Amounts</b>	<p>On any Originator Trust Distribution Date, the MRT Interest Amount that is distributed by the Originator Trustee to the LLP in respect of a particular Calculation Period is linked to the amount of Mortgage Reserve Interest charged to a Borrower on such Borrower's Reference Mortgage Reserve during such Calculation Period.</p> <p>The MRT Interest Amount that will be distributed by the Originator Trustee to the LLP on each Originator Trust Distribution Date will be an amount equal to the sum of: (i) the MRT Immediately Due And Payable Interest Amount for that date; and (ii) the MRT Subsequently Due and Payable Interest Amount for that date.</p>
<b>MRT Principal Amounts</b>	<p>On each Originator Trust Distribution Date, the Originator Trustee shall distribute to the LLP an amount (as calculated on the immediately preceding Calculation Date and in respect of the immediately preceding Calculation Period) equal to the Aggregate Mortgage Reserve Principal Repayment Amounts received in respect of the Reference Mortgage Reserve Portfolio during such immediately preceding Calculation Period.</p>
<b>Repurchase of the Mortgage Loans</b>	<p>The Seller will re-purchase the relevant Mortgage Loans and their Related Security in the following circumstances:</p> <ul style="list-style-type: none"> <li>(a) upon breach of the Representations and Warranties (which is either not capable of remedy or if the Seller failed to remedy it within the agreed grace period);</li> </ul>

	<p>(b) upon the making of a Further Advance;</p> <p>(c) upon a Product Switch being granted; and</p> <p>(d) upon a Mortgage Reserve Credit and Aggregate Debt Limit Increase being made in respect of a Mortgage Loan or its associated Mortgage Reserve.</p> <p>The Seller may repurchase the relevant Mortgage Loans and their Related Security in the following circumstances:</p> <p>(a) upon a Mortgage Account becoming a Defaulted Mortgage Account;</p> <p>(b) pursuant to a general right to repurchase (subject to the agreement of the LLP); and</p> <p>(c) if the Seller exercise its general right of pre-emption in respect of any sale, in whole or in part, of Selected Mortgage Loans and their Related Security.</p> <p>If any Mortgage Loan is repurchased by the Seller, the associated Reference Mortgage Reserve in relation to such Mortgage Loan will become a Non-Reference Mortgage Reserve and the Originator Trustee will be required to make a corresponding MRT Distribution (comprising a principal amount equal to the Mortgage Reserve Account Balance plus any Aggregate Potential MRT Interest in respect of such Reference Mortgage Reserve) to the LLP in accordance with the terms of the Mortgage Reserve Originator Trust Deed.</p>
<p><b>Consideration for Repurchase</b></p>	<p>Consideration payable by the Seller in respect of the repurchase of the Mortgage Loans shall be equal to an amount (not less than zero) equal to the outstanding principal balance thereof together with any Accrued Interest and Arrears of Interest and expenses as at the Determination Date preceding such repurchase.</p>
<p><b>Sale of Selected Mortgage Accounts</b></p>	<p>Breach of the Pre-Maturity Test and/or occurrence of an Issuer Event of Default and 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 Mortgage Loans, subject to the rights of pre-emption enjoyed by the Seller and will direct the Originator Trustee to accept surrender of or, as applicable, sell its beneficial interest in the related Reference Mortgage Reserve in accordance with the terms of the LLP Deed, following which surrender or, as applicable, sale, the Originator Trustee will be required to make a corresponding MRT Distribution to the LLP. The proceeds from any such sale (and/or corresponding MRT Distribution) will be recorded to the Pre-Maturity Liquidity Ledger. Amounts standing to the credit of the Pre-Maturity Liquidity Ledger will be available to repay the relevant Series of Hard Bullet Covered Bonds. If the LLP and the Originator Trustee are required to sell Selected Mortgage Accounts and their Related Security, the LLP will ensure that (a) the Selected Mortgage Accounts have been selected from the Mortgage Loan Portfolio on a random basis and (b) the aggregate amount that the LLP is required to receive for the sale of such Selected Mortgage Accounts will vary depending on the occurrence of the event that requires such sale. See "<i>Summary of the Principal Documents – LLP Deed – Method of Sale of Selected Mortgage Accounts and their Related Security</i>".</p>

<p><b>Perfection Events</b></p>	<p>Transfer of the legal title to the relevant Mortgage Loans will be completed on the occurrence of certain events, which include:</p> <ul style="list-style-type: none"> <li>(a) the occurrence of an Issuer Event of Default and service on the Issuer of an Issuer Acceleration Notice and the service on the LLP of a Notice to Pay;</li> <li>(b) the order of a court, regulatory or other authority with whom it is customary for the Seller to comply;</li> <li>(c) the security under the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy;</li> <li>(d) it becoming necessary by law;</li> <li>(e) (with certain caveats) the termination of the Seller's role as Administrator under the Administration Agreement;</li> <li>(f) the Seller requesting a transfer by giving notice in writing to the LLP and the Security Trustee;</li> <li>(g) insolvency of the Seller; and</li> <li>(h) downgrade of the Seller to below the agreed ratings (as to which see below "<i>Trigger Tables – Rating Triggers Table – Transaction Parties</i>").</li> </ul>
	<p>Prior to the completion of the transfer of legal title to the Mortgage Loans, the LLP will hold only the equitable title to those Mortgage Loans or, in the case of Scottish Mortgage Loans, will be the sole beneficiary under the grant of a declaration of trust and will therefore be subject to certain risks as set out in "<i>Risk Factors – Risks relating to the LLP – The Seller will initially retain legal title to the Mortgage Loans</i>". Barclays Bank UK PLC in its capacity as Originator Trustee will always retain legal title to the Reference Mortgage Reserves save in certain limited circumstances.</p>
<p><b>Servicing of the Mortgage Loan Portfolio</b></p>	<p>The Administrator will be appointed by the LLP (in relation to the administration of the Mortgage Loans) and the Originator (in relation to the administration of the Reference Mortgage Reserves) to administer the Mortgage Accounts on a day to day basis. The Administrator performs the day to day servicing of the Mortgage Accounts from its mortgage service centres and telephone banking and operations centres. The appointment of the Administrator may be terminated by the LLP upon the occurrence of an Administrator Event of Default, which includes:</p> <ul style="list-style-type: none"> <li>(a) downgrade of the Administrator to below the agreed ratings (as to which see below "<i>Trigger Tables – Rating Triggers Table – Transaction Parties</i>");</li> <li>(b) failure to pay any amount due under the Administration Agreement to the LLP which is not remedied within five Business Days;</li> <li>(c) insolvency of the Administrator;</li> <li>(d) material non performance; or</li> <li>(e) failure to maintain the necessary licences or regulatory</li> </ul>



	<p>approvals.</p> <p>The Administrator may also resign upon giving 12 months' notice, provided (i) a replacement administrator with a management team with experience of administering Mortgage Loans secured on residential mortgaged properties in England, Wales, Northern Ireland and Scotland has been appointed by the LLP and enters into an administration agreement with the LLP substantially on the same terms as the Administration Agreement and (ii) the resignation has no adverse effect on the then current ratings of the Covered Bonds (unless the holders of the Covered Bonds agree otherwise by Extraordinary Resolution).</p>
<b>Delegation</b>	<p>The Administrator may delegate some of its servicing function to a third party <b>provided that</b> it meets conditions as set out in the Administration Agreement. See "<i>Summary of the Principal Documents – Administration Agreement</i>".</p>

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE COVERED BONDS

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

<b>Programme Size</b>	Up to €35 billion outstanding at any time (or its equivalent in other currencies as set out in the Programme Agreement). The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution</b>	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 " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ".
<b>Specified Currencies</b>	As set out in the applicable Final Terms.
<b>Issue Price</b>	Covered Bonds may be issued at par or at a premium or discount to par on a fully paid basis, in each case, as specified in the applicable Final Terms.
<b>Form of Covered Bonds</b>	<p>The Covered Bonds will be issued in bearer or registered form as described in "<i>Form of the Covered Bonds</i>".</p> <p>The types of Covered Bonds that can be issued under the Programme include the following:</p> <ul style="list-style-type: none"><li>(a) Fixed Rate Covered Bonds;</li><li>(b) Floating Rate Covered Bonds; or</li><li>(c) Zero Coupon Covered Bonds,</li></ul> <p>in each case, as specified in the applicable Final Terms. The issuance of Zero Coupon Covered Bonds shall be subject to confirmation by the Rating Agencies that the then current ratings for any outstanding Covered Bonds will not be adversely affected by the issuance of such Covered Bonds.</p>
<b>Hard Bullet Covered Bonds</b>	Hard Bullet Covered Bonds may be offered under the Programme and will be subject to a Pre-Maturity Test. The intention of the Pre-Maturity Test is to provide liquidity for the Hard Bullet Covered Bonds if the Issuer's credit ratings have fallen to a certain level.
<b>Instalment Covered Bonds</b>	Covered Bonds may be issued which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms.
<b>Redemption</b>	<p>The applicable Final Terms will indicate that the relevant Covered Bonds:</p> <ul style="list-style-type: none"><li>(a) cannot be redeemed prior to their stated maturity;</li><li>(b) can be redeemed for taxation reasons;</li><li>(c) can be redeemed in the case of illegality, if applicable; and</li><li>(d) if applicable, can be redeemed at the option of the Issuer on such terms as may be agreed between the Issuer and the relevant Dealer(s),</li></ul> <p>in each case, as set out in the applicable Final Terms.</p>
<b>Maturities</b>	Covered Bonds may be issued with any maturity as specified in the relevant Final Terms, subject to compliance with all applicable legal, regulatory and/or central bank requirements.
<b>Final Redemption</b>	If not previously redeemed in full in accordance with the relevant terms and conditions, those Covered Bonds will be finally redeemed at their respective Principal Amount Outstanding (plus any accrued interest thereon) on the Final

Maturity Date as specified in the relevant Final Terms.

**Optional Redemption**

Each series will be subject to optional early redemption in part or in full in accordance with the terms and conditions of the relevant Covered Bonds.

**Extendable obligations under the Covered Bond Guarantee**

The applicable Final Terms may also state that the LLP's obligations under the Covered Bond Guarantee to pay the Guaranteed Amounts corresponding to 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, as described in Condition 6(a) (*Final redemption*). In such case, such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds are not paid in full by the LLP by the Extension Determination Date (for example, because the LLP has insufficient moneys to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the relevant Series of Covered Bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Guarantee Priority of Payments). To the extent that the LLP has received a Notice to Pay in sufficient time and has sufficient moneys to pay in part the Final Redemption Amount, such partial payment shall be made by the LLP on any Interest Payment Date up to and including the relevant Extended Due for Payment Date as described in Condition 6(a) (*Final redemption*). Interest will continue to accrue and be payable on the unpaid amount up to the Extended Due for Payment Date in accordance with Condition 4 (*Interest*) and the LLP will make payments of Guaranteed Amounts constituting Scheduled Interest on each relevant Original Due for Payment Date and Extended Due for Payment Date. See "*Terms and Conditions of the Covered Bonds*".

**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, except in certain limited circumstances, the minimum denomination of each 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 as otherwise specified in the related Final Terms (as applicable to the currency of each Series of Covered Bonds).

**Taxation**

All payments in respect of the Covered Bonds will be made without deduction or withholding for or on account of United Kingdom tax, subject as provided in Condition 7 (*Taxation*). 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 is not required to pay any additional amounts in respect of any withholding or deduction from payments, and will not be liable to make guarantee payments in respect of any such additional amounts payable by the Issuer under Condition 7 (*Taxation*).

**ERISA Considerations**

Subject to the limitations described under "*ERISA Considerations*", the Covered Bonds (or any interest therein) generally are eligible for purchase by or on behalf of "employee benefit plans" and other similar retirement plans and arrangements that are subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended, Section 4975 of the Code, or any similar laws or regulations, and by entities whose underlying assets are considered to include the assets of such plans and arrangements. See "*ERISA Considerations*" below.

**Cross Default**

If an Issuer Event of Default occurs and an Issuer Acceleration Notice is served in respect of a particular Series of Covered Bonds, then the Covered Bonds of all Series outstanding will accelerate at the same time against the Issuer, but will be subject to, and have the benefit of, payments made by the LLP under the

Covered Bond Guarantee (following service of a Notice to Pay on the LLP).

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 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 applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

**Other Debt**

The Issuer is able to issue, and has issued, N Covered Bonds (*Namenschuldverschreibungen*) pursuant to the Programme, for which no prospectus is required to be published under the Prospectus Directive. N Covered Bonds will not be issued pursuant to, and do not form a part of, this Base Prospectus and will not be issued pursuant to any Final Terms under this Base Prospectus. The UK Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with any N Covered Bonds. Also, N Covered Bonds issued pursuant to the Programme will not be deposited in the Clearing Systems or listed on the London Stock Exchange.

N Covered Bonds are registered debt securities under German law. Each N Covered Bond will constitute a separate Series of Covered Bonds. Each holder of N Covered Bonds will agree to be bound by the terms of the Trust Deed, including the bondholder meeting provisions set out therein. New contractual documentation for each N Covered Bond will be entered into at the time of any N Covered Bond issuance. N Covered Bonds will be issued in substantially the Form of the N Covered Bond set out in the Trust Deed with the N Covered Bond Conditions attached thereto as Schedule 1 and the Form of the Assignment Agreement to the N Covered Bond Agreement attached as Schedule 2, together with the execution of the related N Covered Bond Agreement. The N Covered Bond (with the N Covered Bond Conditions attached thereto), and the related N Covered Bond Agreement will constitute the Final Terms in respect of each Series of N Covered Bonds. Such documents constituting the Final Terms in respect of a Series of N Covered Bonds will not be issued pursuant to this Base Prospectus and the UK Listing Authority will neither approve nor review such documents.

With the exception of Condition 2.2 (*Status*) of the terms and conditions of the N Covered Bonds (which will be governed and construed in accordance with English law), the N Covered Bonds and all rights and obligations arising under the N Covered Bonds (including any non-contractual rights and obligations) will be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

In addition, the Issuer is able to issue, and has issued, CHF-denominated Covered Bonds, which are admitted to trading on the SIX Swiss Exchange AG of Switzerland.

Such other Covered Bonds are also guaranteed as to payments of interest and principal pursuant to the Covered Bond Guarantee and are secured over the Portfolio and the other assets of the LLP. Such other Covered Bonds will also, subject to the Priorities of Payments, share in the same Security and rank *pro rata* and *pari passu* with each other. Furthermore, the issuance of any such other Covered Bonds may necessitate new Secured Creditors being added to the Programme who will share an interest in the Charged Property along with the existing Secured Creditors.

The section entitled "*United Kingdom Taxation*" on page 200 does not relate to such other Covered Bonds, in respect of which special tax considerations may

apply.

<b>Covered Bond Guarantee</b>		The obligations of the Issuer under the Covered Bonds 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 if 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.
<b>Issuer Events of Default</b>	<b>of</b>	As fully set out in Condition 9(a) ( <i>Issuer Events of Default</i> ), which broadly includes (where relevant, subject to the applicable grace period): <ul style="list-style-type: none"><li>(a) non-payment of interest or principal in respect of the Covered Bonds;</li><li>(b) breach of contractual obligations by the Issuer under the Covered Bonds and the Transaction Documents;</li><li>(c) insolvency of the Issuer;</li><li>(d) breach of the Asset Coverage Test on a Calculation Date which is not remedied by the immediately succeeding Calculation Date; and</li><li>(e) breach of Pre-Maturity Test less than six months (in the case of a breach under limbs (a) and (b) of the Pre-Maturity Test) or eleven months (in the case of a breach under limb (c) of the Pre-Maturity Test) before the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds (or such other longer or shorter period with respect to any Pre-Maturity Rating Trigger as the Cash Manager may confirm in writing provided that such period shall not be less than six months) which is uncured within the applicable grace period.</li></ul>
<b>LLP Events of Default</b>	<b>of</b>	As fully set out in Condition 9(b) ( <i>LLP Events of Default</i> ), which broadly includes (where relevant, subject to the applicable grace period): <ul style="list-style-type: none"><li>(a) non-payment of Guaranteed Amounts;</li><li>(b) breach of contractual obligations by the LLP under the Covered Bonds and the Transaction Documents;</li><li>(c) insolvency of the LLP; and</li><li>(d) breach of Amortisation Test.</li></ul>
<b>Governing Law</b>		The Covered Bonds (excluding N Covered Bonds) described in this Base Prospectus are governed by, and construed in accordance with, English law.

## OVERVIEW OF RIGHTS OF COVERED BONDHOLDERS

Please refer to the section 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.

### Payments

The Covered Bondholders will be entitled to payment of principal upon final redemption in respect of each Covered Bond upon presentation and surrender of the individual certificate representing such Covered Bond.

### 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 and all Covered Bondholders can 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, including against 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.

Following an Issuer Event of Default, Covered Bondholders may, by extraordinary resolution of all the Covered Bondholders or written resolution of the holders of more than 25 per cent. of the outstanding Covered Bonds, direct the Bond Trustee to enforce the terms of the Trust Deed and the Covered Bonds against the Issuer and/or the LLP, **provided that** the Bond Trustee has been indemnified and/or secured 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, Covered Bondholders may, by extraordinary resolution of all the Covered Bondholders or written resolution of the holders of more than 25 per cent. of the outstanding Covered Bonds, direct the Security Trustee to enforce the Security, **provided that** the Security Trustee has been indemnified and/or secured to its satisfaction. The Bond Trustee also has a general discretion to take such action following an LLP Event of Default.

Any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default and Enforcement*) or to direct the Bond Trustee or the Security Trustee to take any enforcement action shall only be capable of being passed at a single meeting of the holders of the Covered Bonds of all Series then outstanding (and such resolution, a "**Programme Resolution**"). Any such meeting to consider a Programme Resolution may be convened by the Issuer, the LLP or the Bond Trustee or by holders of the Covered Bonds of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the nominal amount of the Covered Bonds of any Series so held or represented.

### Covered Bondholders

### Notice Periods

**Meeting provisions**

<i>Initial Meeting:</i>	21 clear days for the initial meeting.
<i>Adjourned Meeting:</i>	No less than 13 clear days and no more than 42 clear days for the adjourned meeting.

**Quorum for Extraordinary Resolution**

*Initial Meeting:* At least a clear majority of the Principal Amount Outstanding of the relevant Series of Covered Bonds for the initial meeting (other than a Series Reserved Matter, which requires not less than two-thirds of the Principal Amount Outstanding of the relevant Series of Covered Bonds).

However, any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice or a Notice to Pay following an Issuer Event of Default, to direct the Bond Trustee to serve an LLP Acceleration Notice following an LLP Event of Default and any direction to the Bond Trustee or Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding and therefore the holders of a single Series of Covered Bonds may not be able to give any directions to the Bond Trustee or the Security Trustee without the agreement of the holders of other outstanding Series of Covered Bonds.

*Adjourned Meeting:* Any holding for the adjourned meeting (other than Series Reserved Matter, which requires one-third of the Principal Amount Outstanding of the relevant Series of Covered Bonds).

**Required Majorities**

*Ordinary Resolution:* At least a clear majority of votes cast for matters requiring ordinary resolution.

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

*Written Resolution:* 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.

**Matters requiring Extraordinary Resolution**

Broadly, the following matters require an Extraordinary Resolution.

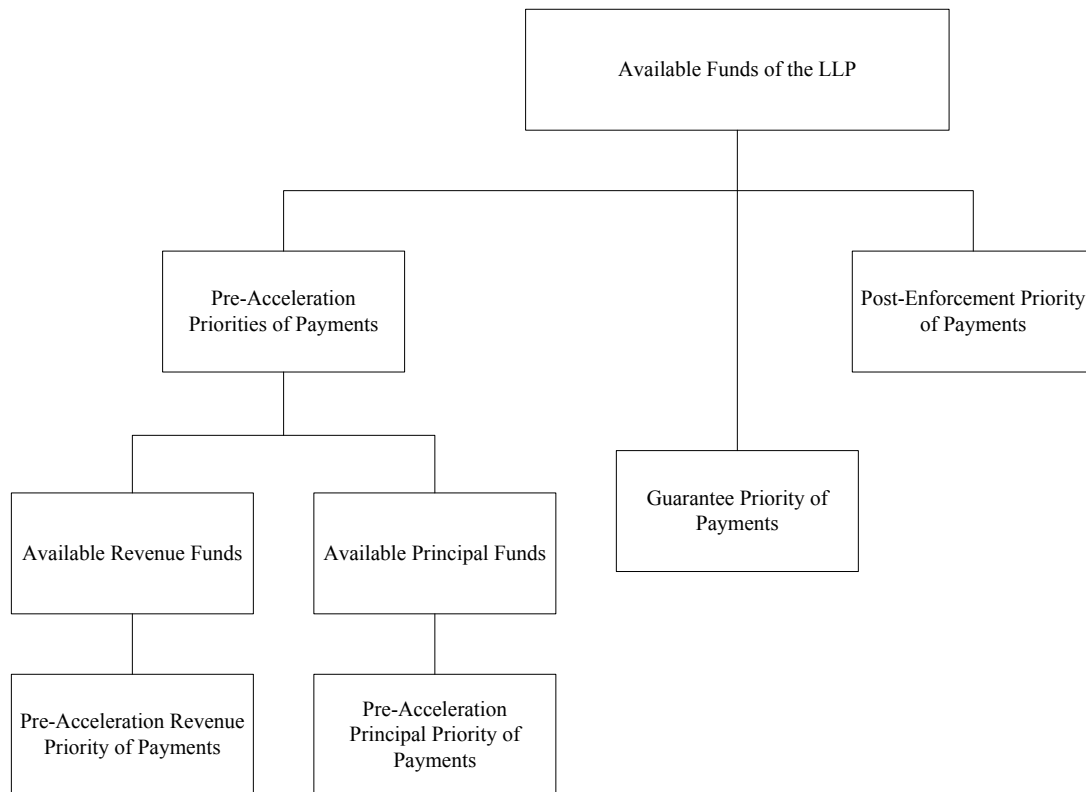
- (a) any Series Reserved Matter;
- (b) any direction to the Bond Trustee to serve an Issuer Acceleration Notice or a Notice to Pay following an Issuer Event of Default, to direct the Bond Trustee to serve an LLP Acceleration Notice following an LLP Event of Default and any direction to the Bond Trustee or Security Trustee to take any enforcement action (these actions require a Programme Resolution);
- (c) approval of resignation of the Administrator where resignation has an adverse effect on the current ratings of the Covered Bonds; and
- (d) removal of the Bond Trustee and approval of the appointment or removal of the Security Trustee.

<b>Relationship between Series of Covered Bondholders</b>	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 holders of the Covered Bonds of a Series shall, subject as provided above, be binding on all the holders of the Covered Bonds 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.
<b>Relationship between Covered Bondholders and other Secured Creditors</b>	<p>In exercising any of its powers, trusts, authorities and discretions under the Trust Deed, the Covered Bonds 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 while any Covered Bonds are outstanding and shall not have regard to the interests of any other Secured Creditors.</p> <p>In exercising any of its powers, trusts, authorities and discretions under the Deed of Charge, the Security Trustee shall only have regard to the interests of the holders of the Covered Bonds while any Covered Bonds are outstanding and shall not have regard to the interests of any other Secured Creditors.</p>
<b>Provision of Information to the Covered Bondholders</b>	The Cash Manager will provide a monthly report containing, <i>inter alia</i> , selected statistical information in respect of the underlying Mortgage Loan Portfolio as well as information in relation to the Covered Bonds and the Asset Coverage Test. This report will be available to investors at <a href="https://home.barclays/investor-relations/fixed-income-investors/prospectus-and-documents/secured-funding-covered-bonds/">https://home.barclays/investor-relations/fixed-income-investors/prospectus-and-documents/secured-funding-covered-bonds/</a> . This website and its contents are not incorporated into and do not form part of this Base Prospectus.
<b>Communication with Covered Bondholders</b>	<p>Any notice to be given by the Issuer or the Bond Trustee to Covered Bondholders shall be given in the following manner:</p> <ul style="list-style-type: none"> <li>(a) so long as the Covered Bonds are held in the Clearing Systems, by delivering to the relevant Clearing System for communication by it to Covered Bondholders;</li> <li>(b) so long as the Covered Bonds are listed on a stock exchange or admitted to listing by any other relevant authority, by publication of such notice in a daily newspaper in accordance with the requirements of the relevant stock exchange or relevant authority;</li> <li>(c) for Bearer Covered Bonds, publication in the Financial Times or any other daily newspaper in London approved by the Bond Trustee or, if this is not possible, in one other English language daily newspaper approved by the Bond Trustee with general circulation in Europe; and</li> <li>(d) for Registered Covered Bonds, class mail or airmail to the holders at the respective addresses recorded in the relevant Register and, in addition, for so long as any Registered Covered Bonds are listed on a stock exchange or are admitted to listing by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.</li> </ul>



## CREDIT STRUCTURE AND CASHFLOW

Please refer to the sections entitled "Credit Structure" and "Cashflows" for further detail in respect of the credit structure and cashflow 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:

- the Covered Bond Guarantee provides credit support to the Issuer;
- the Pre-Maturity Test is intended to provide liquidity to the LLP in relation to amounts of principal due on the Final Maturity Date of the Hard Bullet Covered Bonds;
- the Asset Coverage Test is intended to test the asset coverage of the LLP's assets in respect of the Covered Bonds at all times;
- a statutory over-collateralisation requirement under the RCB Regulations is intended to ensure a minimum level of over-collateralisation of the eligible property in the asset pool in respect of the Covered Bonds at all times;
- the Amortisation Test is intended to test the asset coverage of the LLP's assets in respect of the Covered Bonds following the occurrence of an Issuer Event of Default, service of an Issuer Acceleration Notice on the Issuer and service of a Notice to Pay on the LLP;

- the Yield Shortfall Test is intended to test the weighted average yield on the Mortgage Accounts;
- the Interest Rate Shortfall Test is intended to test the income available to the LLP in respect of each LLP Payment Period;
- a statutory interest coverage requirement pursuant to the RCB Regulations is intended to ensure sufficiency of income in respect of the eligible property in the asset pool over a 12-month period;
- a Reserve Fund will be established to trap Available Revenue Receipts following certain rating downgrades of the Issuer; and
- the GIC Provider has agreed to pay a variable rate of interest on all amounts held by the LLP in the GIC Account at a rate of 0.35% per annum below LIBOR for one-month sterling deposits.

**Payments by the Issuer** Until a Notice to Pay or an 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 a Notice to Pay on the LLP, Available Revenue Receipts and Available Principal Receipts will be applied by the LLP to make payments of interest and principal payments to the Issuer under the Intercompany Loan Agreement. Following the service of a Notice to Pay on the LLP, Available Revenue Receipts and Available Principal Receipts will be applied by the LLP to meet its payment obligations under the Covered Bonds and the other Transaction Documents.

*Available Revenue Receipts* will, broadly, include the following:

- Revenue Receipts received during the immediately preceding Calculation Period;
- interest payable to the LLP on its bank accounts and income from any Authorised Investments and/or Substitution Assets during the relevant Calculation Period;
- amounts received by the LLP under the relevant Swap Agreements;
- amounts standing to the credit of the Reserve Fund during the relevant Calculation Period;
- any other net income of the Issuer received during the immediately preceding Calculation Period of a revenue nature; *less*
- Third Party Amounts.

*Available Principal Receipts* will, broadly, include all Principal Receipts received by the LLP during the immediately preceding Calculation Period (including consideration paid by the Seller in respect of the repurchase of the Mortgage Loans and their Related Security), recoveries received by the LLP following the enforcement of the relevant Mortgage Loan, the proceeds of any sale of Selected Mortgage Loans (together with any corresponding MRT Distribution following the surrender or, as applicable, sale of any related Reference Mortgage Reserves and receipt of realisation proceeds of the Related Security), the proceeds of any Term Advance, any Cash Capital

Contributions received from a Member, amounts in respect of principal received by the LLP under the Swap Agreements and the principal amount of any Substitution Assets and/or Authorised Investments.

**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 constitute an Issuer Event of Default and the Bond Trustee shall be entitled (and, in certain circumstances, may be required) to serve an Issuer Acceleration Notice on the Issuer and the LLP.

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 THE PRIORITIES OF PAYMENTS**

A		B	C
<b>Prior to the occurrence of any of the events in column B or C:</b>		<b>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):</b>	<b>From (and including) the occurrence of an LLP Event of Default:</b>
<b>Pre-Acceleration Priorities of Payments</b>		<b>Guarantee Priority of Payments</b>	<b>Post-Enforcement Priority of Payments</b>
<i>Revenue</i>	<i>Principal</i>		
1. Payment of/provision for any amounts to third parties (not otherwise provided for in the relevant Priorities of Payments)	1. Credit to Pre-Maturity Liquidity Ledger, if the Pre-Maturity Test has been failed	1. Payment of/provision for any amounts to the Trustees	1. Satisfaction of any expenses permitted by Regulations 27, 28 and/or 29 of the RCB Regulations to be paid in priority to the amounts identified as payable under item (2) below
2. Payment of senior expenses, namely Administrator, Cash Manager, Account Bank, Corporate Services Provider, Asset Monitor (excluding Indemnity Amounts) and FCA fees	2. Payment of Additional MRT Contributions to the Originator Trustee	2. Payment of/provision for any amounts to Agents and third parties (not otherwise provided for in the relevant Priorities of Payments)	2. Payment <i>pro rata</i> and <i>pari passu</i> to:  (a) Trustees  (b) Paying Agents  (c) Senior expenses, namely Administrator, Cash Manager, Account Bank and Corporate Services Provider  (d) TRS Provider (other than Excluded Swap Termination Amounts)  (e) All amounts due to each Covered Bond Swap Provider and to the Bond Trustee or Principal Paying Agent in respect of Scheduled Interest

A		B	C
Prior to the occurrence of any of the events in column 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
<i>Revenue</i>	<i>Principal</i>		
			and Scheduled Principal to the Bond Trustee or the Principal Paying Agent
3. Payment of/provision for any amounts to TRS Provider (other than Excluded Swap Termination Amounts)	3. Acquisition of New Mortgage Loans to ensure compliance with the Asset Coverage Test	3. Payment of/provision for any amounts to senior expenses, namely Administrator, Cash Manager, Account Bank, Corporate Services Provider, Asset Monitor (excluding Indemnity Amounts), Asset Pool Monitor and fees	3. Payment of Excluded Swap Termination Amounts
4. Payment of/provision for any non-principal amounts to the Covered Bond Swap Provider	4. Deposit into LLP GIC Account to ensure compliance with the Asset Coverage Test	4. Payment of/provision for any amounts to TRS Provider (other than Excluded Swap Termination Amounts)	4. Repayment of amounts outstanding under the Intercompany Loan Agreement
5. Credit towards Reserve Fund replenishment, if applicable	5. Payments of principal under the relevant Term Advance under the Intercompany Loan Agreement	5. Payment of/provision for interest amounts to the Covered Bond Swap Provider and payment of Scheduled Interest in respect of the Covered Bonds	5. Payment of any Negative Interest Indemnity Amounts
6. Credit to Pre-Maturity Liquidity Ledger, if applicable	6. Payment of Capital Distribution to BBUKPLC as a Member in the LLP	6. Payment of/provision for principal amounts to the Covered Bond Swap Provider and payment of Scheduled Principal in respect of the	6. Payment of indemnity amounts due to the Members

A		B	C
Prior to the occurrence of any of the events in column 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
<i>Revenue</i>	<i>Principal</i>		
		Covered Bonds	
7. Payment into LLP GIC Account, if an Administrator Event of Default has occurred		7. In or towards payment of Final Redemption Amount for any Extended Covered Bonds	7. Any remaining moneys will be applied towards payment to the Members pursuant to the LLP Deed
8. Payments of amounts (other than principal) under the Intercompany Loan Agreement		8. Deposit into the LLP GIC Account to make the above payments on the following LLP Payment Date	
9. Payment of Excluded Swap Termination Amounts		9. Payment of any Additional MRT Contributions to the Originator Trustee	
10. Payment of indemnity amounts due to:  (a) the Members; and  (b) the Asset Monitor		10. Payment of Excluded Swap Termination Amounts	
11. Discharge any tax liability of the LLP		11. Repayment of advances under the Intercompany Loan Agreement (to the extent outstanding and only after the Covered Bonds have been fully repaid or provided for)	
12. Payment of any Negative Interest Indemnity		12. Payment of indemnity amounts due to the Members and the	

A		B	C
Prior to the occurrence of any of the events in column 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
<i>Revenue</i>	<i>Principal</i>		
Amounts		Asset Monitor	
13. Payment of LLP profit to Members		13. Payment of any Negative Interest Indemnity Amounts	
14. Payment of Deferred Purchase Price Amount to the Seller and Deferred MRT Contribution amount to the Originator Trustee		14. Discharge any tax liability of the LLP	
		15. Any moneys left over to be applied in accordance with the LLP Deed	

#### Bank Accounts and Cash Management

Collections of revenue and principal in respect of the Mortgage Loans in the Mortgage Loan Portfolio are received by the Seller in its collection account. The majority of the interest payments and principal repayments are collected on the 16th day of each month. The Seller (and, where relevant, the Administrator) is obliged to transfer collections in respect of the Mortgage Loans in the Mortgage Loan Portfolio to the GIC Account on a monthly basis or, following a downgrade of the Seller below the agreed rating, on a daily basis (see "*Trigger Tables – Rating Triggers Table – Transaction Parties*" below). On or prior to each LLP Payment Date, amounts will be applied by the Cash Manager from the GIC Account in accordance with the relevant Priorities of Payments.

#### Summary of key Swap Terms

The TRS has the following key commercial terms:

- The LLP will pay the TRS Provider, for each Calculation Period, an amount in Sterling equal to the aggregate amount of interest paid to the LLP in respect of (i) the outstanding balance of the Mortgage Loans, (ii) the MRT Interest Amounts distributed to the LLP pursuant to the Mortgage Reserve Originator Trust Deed, (iii) amounts standing to the credit of the GIC Account and (iv) any Substitution Assets or

any other assets held by the LLP.

- The TRS Provider will pay to the LLP, for each LLP Payment Period, an amount in Sterling calculated by reference to the TRS Provider Notional Amount and the TRS Rate. The TRS Rate may be amended, from time to time, by the Issuer, however it shall not be lower than one-month LIBOR plus 0.70 per cent.
- The TRS Provider Notional Amount for any LLP Payment Period is the sum of the outstanding balances of (i) the Mortgage Loans in the Mortgage Loan Portfolio, (ii) the MRT Trust Value, (iii) amounts standing to the credit of the GIC Account and (iv) any Substitution Assets or any other assets held by the LLP multiplied by the fraction that the interest received by the LLP in relation to such amounts bears to the interest due to the LLP in relation to such amounts for the relevant Calculation Period.
- The TRS Provider payments to the LLP and the LLP payments to the TRS Provider will each be made monthly on each LLP Payment Date.

See "*Summary of the Principal Documents – The Swap Agreements – Total Return Swap*" for further information.

For any Series of Covered Bonds, the LLP may enter into a Covered Bond Swap with a Covered Bond Swap Provider. Each such Covered Bond Swap will have the following key commercial terms:

- LLP is scheduled to pay a Sterling amount calculated by reference to a swap notional amount corresponding to the Principal Amount Outstanding of the relevant Covered Bonds (or its Sterling Equivalent) and one-month Sterling LIBOR.
- In return, the Covered Bond Swap Provider is scheduled to pay an amount in the currency of the related Term Advance calculated by reference to a swap notional amount corresponding to the Principal Amount Outstanding of the relevant Covered Bonds and a rate corresponding to the interest payable on the related Term Advance.
- Payments by the LLP will be made monthly on each LLP Payment Date; payments by the Covered Bond Swap Provider will be made on the date that interest is payable on the related Term Advance.
- If a Series of Covered Bonds is not denominated in Sterling but the related Term Advance is, the Covered Bond Swap Provider will: (a) make payments calculated by reference to amounts owed under the Covered Bond Guarantee; and (b) provide for the proceeds of the relevant Series of Covered Bonds to be swapped into Sterling on issue and for the exchange of Sterling on the maturity of such Series of Covered Bonds, such amount to be applied towards the redemption of the relevant Series of Covered Bonds.

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



## TRIGGERS TABLES

### Rating Triggers Table – Transaction Parties

<u>Transaction Party:</u>	<u>Required Ratings/Triggers:</u>	<u>Possible effects of Trigger being breached include the following:</u>
Issuer	Short-term unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least A-1+ by S&P, F1+ by Fitch and P-1 by Moody's	(a) Issuer required to establish and maintain Reserve Fund
	Short-term unsecured debt obligations of the Issuer cease to be rated at least F1 by Fitch or the long-term unsecured debt obligations of the Issuer cease to be rated at least A by Fitch and A3 by Moody's	(b) Item "X" of Asset Coverage Test increases from zero to 2.6 per cent.
	Short-term unsecured debt obligations of the Issuer cease to be rated at least A-2 by S&P	(c) Item "X" of the Asset Coverage Test increases to 4.2 per cent.
	Long-term ratings fall below BBB- by S&P, Baa3 by Moody's or BBB- by Fitch	(d) Asset Monitor required to report on arithmetic accuracy of the Cash Manager's calculations more frequently
	Short-term credit rating from S&P falls to A-1 (or lower); or  Long-term credit rating from Moody's falls to A2 (or lower) or short-term credit rating from Moody's falls to P-2 (or lower); or  Short-term credit rating from Fitch falls to F1 (or lower)	(e) Breach of the Pre-Maturity Test resulting in the Issuer being required to fund the Pre-Maturity Liquidity Ledger and/or leading to the sale of Selected Mortgage Loans
	The consequences of the relevant required ratings being breached are set out in more detail in " <i>Credit Structure</i> ", " <i>Summary of the Principal Documents – Asset Monitor Agreement</i> " and " <i>Summary of the Principal Documents – LLP Deed</i> ".	
Seller	Short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller cease to be rated at least A-1 by S&P, P-1 by Moody's and F1 by Fitch	(a) Payment of repurchase price for any Mortgage Loan that is subject to a repurchase to be made on the Determination Date immediately following the event giving rise to such repurchase
	Long-term unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least BBB- by S&P, Baa3 by Moody's and BBB- by Fitch	(b) Perfection Event takes place and legal title to the Mortgage Loans to be transferred to the LLP
	The consequences of the relevant required ratings being breached are set out in more detail in " <i>Summary of the Principal Documents – Mortgage Sale Agreement</i> "	
TRS Provider	The rating of the long-term and/or short-	The consequences of such a

<u>Transaction Party:</u>	<u>Required Ratings/Triggers:</u>	<u>Possible effects of Trigger being breached include the following:</u>
	<p>term unsecured, unsubordinated and unguaranteed debt obligations of the TRS 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 TRS Agreement</p>	<p>downgrade under the TRS Agreement include:</p> <ul style="list-style-type: none"> <li>(a) TRS Provider to transfer collateral in accordance with the Credit Support Annex;</li> <li>(b) TRS Provider to arrange for its obligations to be transferred to a replacement TRS Provider with the ratings required by the relevant Rating Agency;</li> <li>(c) TRS Provider to procure another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor under the TRS Agreement;</li> <li>(d) TRS Provider to take such other actions as the TRS Provider may agree with the relevant Rating Agency in order to maintain or restore (as applicable) the rating of the Covered Bonds; or</li> <li>(e) Termination of the TRS Agreement (if the steps above are not taken)</li> </ul> <p>The consequences of the relevant required ratings being breached are set out in more detail in "<i>Summary of the Principal Documents – The Swap Agreements – Total Return Swaps</i>".</p>
Covered Bond Swap Provider	<p>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 Currency Swap Agreement</p>	<ul style="list-style-type: none"> <li>(a) 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;</li> <li>(b) 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</li> </ul>

<b><u>Transaction Party:</u></b>	<b><u>Required Ratings/Triggers:</u></b>	<b><u>Possible effects of Trigger being breached include the following:</u></b>
		<p>Bond Swap Agreement;</p> <p>(c) 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</p> <p>(d) Termination of the relevant Covered Bond Swap Agreement (if the steps above are not taken)</p>
	The consequences of the relevant required ratings being breached are set out in more detail in " <i>Summary of the Principal Documents – The Swap Agreements – Covered Bond Swaps</i> ".	
Account Bank and GIC Provider	Short-term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank cease to be rated at least A-1 by S&P, P-1 by Moody's or F1 by Fitch or if the ratings assigned to the long-term unsecured, unsubordinated and unguaranteed debt obligations of the relevant Account Bank fall below A by Fitch	(a) Either GIC Account, Euro Transaction Account and USD Transaction Account transferred to satisfactorily rated successor Account Bank or unconditional and unlimited guarantee of Account Bank's obligations from satisfactorily rated financial institution
	GIC Account and the Transaction Accounts have been held with Wells Fargo Bank N.A. London Branch since June 2015.	
Swap Collateral Cash Account Bank	Short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Collateral Cash Account Bank cease to be rated at least A-1 by S&P, P-1 by Moody's or F1 by Fitch or if the ratings assigned to the long-term unsecured, unsubordinated and unguaranteed debt obligations of the relevant Swap Collateral Cash Account Bank fall below A by Fitch	(a) Swap Collateral Cash Account transferred to satisfactorily rated Successor Swap Collateral Cash Account Bank or unconditional and unlimited guarantee of Swap Collateral Cash Account Bank's Obligations from satisfactorily rated financial institution
	The consequences of the relevant required ratings being breached are set out in more detail in " <i>Summary of the Principal Documents – Swap Collateral Cash Account Bank Agreement</i> ".	
Administrator	Long-term unsecured, unguaranteed and unsubordinated debt obligations cease to be rated at least BBB- by S&P, Baa3 by Moody's or BBB- by Fitch	<p>(a) Administrator to make all reasonable efforts to appoint a replacement administrator</p> <p>(b) LLP to use reasonable efforts to enter into an</p>

<u>Transaction Party:</u>	<u>Required Ratings/Triggers:</u>	<u>Possible effects of Trigger being breached include the following:</u>
		<p>alternative administration agreement with a third party who has the required ratings within 60 days of the downgrade</p> <p>The consequences of the relevant required rating being breached are set out in more detail in "<i>Summary of the Principal Documents – Administration Agreement</i>".</p>
Cash Manager	<p>Long-term ratings of the Cash Manager or the Issuer fall below BBB- by S&amp;P, Baa3 by Moody's or BBB- by Fitch</p> <p>The consequences of the relevant required ratings being breached are set out in more detail in "<i>Summary of the Principal Documents – Asset Monitor Agreement</i>".</p>	<p>(a) Asset Monitor required to report on arithmetic accuracy of the Cash Manager's calculations more frequently</p>

### Non-Rating Triggers Table

<u>Nature of Trigger:</u>	<u>Description of Trigger:</u>	<u>Consequence of Trigger:</u>
Interest Rate Shortfall Test	The income received by the LLP in a particular LLP Payment Period plus other available funds is less than the amount of interest which would be payable under the Intercompany Loan Agreement or, following service of a Notice to Pay, the Covered Bond Guarantee (together with any amounts payable to the Swap Providers under the Swap Agreements in respect of the Covered Bonds) and other senior payment obligations of the LLP on the relevant LLP Payment Date. See " <i>Summary of the Principal Documents – Administration Agreement</i> " for more information on this.	(a) Further Mortgage Loans and their Related Security may be required to be sold to the LLP (with a corresponding Additional MRT Contribution being required to be made by the LLP)
Yield Shortfall Test	After an Issuer Event of Default (which is continuing), interest amounts received by the LLP in respect of the Mortgage Loans, MRT Interest Amounts received by the LLP pursuant to the Mortgage Reserve Originator Trust Deed and amounts received by the LLP under the Swap Agreements during the relevant LLP Payment Period cease to give a yield on the Mortgage Loans of LIBOR plus 0.50 per cent. See " <i>Summary of the Principal Documents – Administration Agreement</i> " for more information on this.	(a) Administrator to take necessary steps to increase the Barclays Standard Variable Rate and/or other discretionary rates or margins
Asset Coverage Test	The Adjusted Aggregate Asset Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on any Calculation Date. See " <i>Summary of the Principal Documents – LLP Deed – Asset Coverage Test</i> " for more information on this.	(a) Breach of the Asset Coverage Test for two consecutive months leads to the occurrence of an Issuer Event of Default

<b><u>Nature of Trigger:</u></b>	<b><u>Description of Trigger:</u></b>	<b><u>Consequence of Trigger:</u></b>
Issuer Event of Default	Any of the events listed in Condition 9(a) ( <i>Issuer Events of Default</i> ) occurs. See " <i>Terms and Conditions of the Covered Bonds</i> " for more information on this.	<p>(a) Bond Trustee may (or, if directed, must) serve an Issuer Acceleration Notice on the Issuer</p> <p>(b) Covered Bonds become accelerated as against the Issuer (but not against the LLP)</p> <p>(c) Notice to Pay served on the LLP</p> <p>(d) Following service of a Notice to Pay, LLP starts making payments of Guaranteed Amounts under the Covered Bonds</p> <p>(e) Excess Proceeds paid by the Bond Trustee to the LLP and will thereafter form part of the Security</p>
Amortisation Test	The Amortisation Test Aggregate Asset Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on any Calculation Date. See " <i>Summary of the Principal Documents – LLP Deed</i> " for more information.	<p>(a) Breach of the Amortisation Test on any Calculation Date following service of a Notice Pay on the LLP leads to an LLP Event of Default</p>
LLP Event of Default	Any of the events listed in Condition 9(b) ( <i>LLP Events of Default</i> ) occurs. See " <i>Terms and Conditions of the Covered Bonds</i> " for more information on this.	<p>(a) Bond Trustee may (or, if directed, must) serve an LLP Acceleration Notice on the LLP</p> <p>(b) Security enforceable</p> <p>(c) Covered Bonds will become immediately due and repayable as against the Issuer (if not already immediately due and payable as against the Issuer) and also against the LLP</p> <p>(d) Moneys received or recovered by the Security Trustee applied in accordance with the Post-Enforcement Priority of Payments</p>

**Nature of Trigger:**

Pre-Maturity Test

**Description of Trigger:**

The Issuer's credit ratings fall to a certain level within a certain period prior to the maturity of the relevant Series of Hard Bullet Covered Bonds. See "*Credit Structure – Pre-Maturity Liquidity*" for more information.

**Consequence of Trigger:**

(a) If certain actions are not taken within a specified period, the Bond Trustee will serve a Notice to Pay on the LLP following a breach of the Pre-Maturity Test to require it to sell and/or refinance Selected Mortgage Accounts.

## FEES

*The table below sets out the principal ongoing transaction fees.*

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Administration Fees	0.08 per cent. each year (inclusive of VAT) on the then outstanding principal balance of the Mortgage Accounts held by LLP	Ahead of all outstanding Covered Bonds*	Each LLP Payment Date
Cash Management Fees	£100,000 (inclusive of VAT)	Ahead of all outstanding Covered Bonds*	Each LLP Payment Date
Asset Monitor Fees	£8,000 plus VAT per report	Ahead of all outstanding Covered Bonds*	Each LLP Payment Date
Asset Pool Monitor Fees	An amount per annum as agreed in accordance with a separate fee letter between the Issuer and the Asset Pool Monitor	Ahead of all outstanding Covered Bonds*	Annually
Trustee Fees	An amount per annum as agreed in accordance with a separate fee letter between the Issuer, the Bond Trustee and the Security Trustee	Ahead of all outstanding Covered Bonds*	Annually
Other fees and expenses of the LLP	Estimated at £66,000 each year (exclusive of VAT)	Ahead of all outstanding Covered Bonds*	Each LLP Payment Date

*\* 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.*



## USE OF PROCEEDS

The gross proceeds from each issue of Covered Bonds will be used by the Issuer to make available Term Advances to the LLP pursuant to the terms of the Intercompany Loan Agreement, which in turn shall be used by the LLP (after swapping the proceeds of the Term Advances into Sterling, to the extent necessary) either:

- (a) to purchase the Initial Mortgage Loan Portfolio and each New Mortgage Loan Portfolio consisting of Mortgage Loans and their Related Security, or to invest in Substitution Assets up to the prescribed limit to the extent required to meet the requirements of Regulations 17(2)(b) and 24(1)(a)(ii) of the RCB Regulations and the Asset Coverage Test; and/or
- (b) to acquire the beneficial interest in the Reference Mortgage Reserve Portfolio held on trust by the Originator Trustee pursuant to the terms of the Mortgage Reserve Originator Trust Deed and to grant the Initial MRT Contribution and any Additional MRT Contributions to the Originator Trustee,

and thereafter the LLP may use such proceeds:

- (i) if an existing Series, or part of an existing Series, of Covered Bonds is being refinanced by such issue of Covered Bonds, to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced; and/or
- (ii) subject to complying with the Asset Coverage Test, to make a Capital Distribution to a Member; and/or
- (iii) to grant Additional MRT Contributions and/or Deferred MRT Contributions to the Originator Trustee; and/or
- (iv) to deposit all or part of the proceeds into the GIC Account (including, without limitation, to fund the Reserve Amount to an amount not exceeding the prescribed limit).

## THE ISSUER AND THE BBUKPLC GROUP

The Issuer is a public limited company registered in England and Wales under number 09740322. The liability of the members of the Issuer is limited. It has its registered head office at 1 Churchill Place, London E14 5HP, United Kingdom. The Issuer was incorporated on 19 August 2015 under the name of Barclays UK and Europe PLC, which was changed to its current name, Barclays Bank UK PLC, on 15 June 2017. The whole of the issued ordinary share capital of the Issuer is beneficially owned by Barclays PLC. Barclays PLC is the ultimate holding company of the Group.

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management anchored in the Group's two home markets of the UK and the U.S. The Group is organised into two clearly defined business divisions – Barclays UK and Barclays International. These are housed in two banking subsidiaries – Barclays UK sits within the Issuer and Barclays International sits within Barclays Bank PLC – which operate alongside Barclays Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Services Limited drives efficiencies in delivering operational and technology services across the Group.

The Issuer and the BBUKPLC Group offer everyday products and services to retail customers and small to medium sized enterprises based in the UK.

The Issuer was established to meet the regulatory ring-fencing requirements in accordance with the Financial Services (Banking Reform) Act 2013 and related legislation. The set-up of the ring-fenced bank involved the transfer to the Issuer of employees, businesses and various legal entities connected with the UK banking business. Following the set-up of the ring-fenced bank, consolidated statutory financial statements have been produced for the BBUKPLC Group for the first time for the year ended 31 December 2018.

Based on the BBUKPLC Group's audited financial information for the year ended 31 December 2018, the BBUKPLC Group had total assets of £251,305 million, cash collateral and settlement asset balances of £3,349 million, loans and advances at amortised cost of £188,565 million, deposits at amortised cost of £197,485 million and total equity of £16,943 million. The profit before tax for the year ended 31 December 2018 was £1,548 million after credit impairment charges and other provisions of £624 million. The financial information in this paragraph is extracted from the 2018 Annual Report.

The short term unsecured obligations of the Issuer are rated A-1 by S&P Global Ratings Europe Limited ("**Standard & Poor's**"), P-1 by Moody's Investors Service Ltd. ("**Moody's**") and F1 by Fitch Ratings Limited ("**Fitch**") and the long term unsecured unsubordinated obligations of the Issuer are rated A by Standard & Poor's, A1 by Moody's and A+ by Fitch.

Standard & Poor's, Moody's and Fitch are each established in the EEA and registered under the CRA Regulation.

### Directors

The Directors of the Issuer, each of whose business address is 1 Churchill Place, London E14 5HP, United Kingdom, their functions in relation to the Issuer and their principal outside activities (if any) of significance to the Issuer are as follows:

<i>Name</i>	<i>Function(s) with the Issuer</i>	<i>Principal Outside Interests</i>
Sir Ian Michael Cheshire	Chairman	Non-Executive Director, Barclays PLC; Chairman, Maisons du Monde S.A.; Chairman, Menhaden Capital PLC; Lead Non-Executive Director for the British Government; Trustee, Institute for Government
Matt Hammerstein	Chief Executive	None

<i>Name</i>	<i>Function(s) with the Issuer</i>	<i>Principal Outside Interests</i>
	Officer <sup>1</sup>	
Rupert Fowden	Interim Chief Financial Officer <sup>2</sup>	None
Avid Larizadeh Duggan	Non-Executive Director	Chief Operating Officer, Kobalt Music Group
Michael Keith Jary	Non-Executive Director	Chairman, Duchy Originals Limited; Lead Non-Executive Director for the Ministry of Housing, Communities and Local Government; Chairman, ITAD (2015) Limited, Designated Member of OC&C Strategy Consultant LLP and OC&C Peleus Advisors LLP
Kathryn Matthews	Non-Executive Director	Non-Executive Director, Pandal Group; Non-Executive Director, J O Hambro Capital Management Limited; Non-Executive Director, APERAM
Christopher John Pilling	Non-Executive Director	Non-Executive Director, Musgrave Group plc
Andrew Nicholas Ratcliffe	Non-Executive Director	Non-Executive Director, The National Garden Scheme Limited; Member of the Council, Royal College of Music; Trustee, University of London
David John Thorburn	Non-Executive Director	Independent Non-Executive of Ernst & Young Global Limited
Sir William John Anthony Timpson CBE	Non-Executive Director	Executive Chairman, Timpson Group

No potential conflicts of interest exist between any duties to the Issuer of the Directors, listed above, and their private interests or other duties.

### **Legal Proceedings**

For a description of the governmental, legal or arbitration proceedings that the Issuer and the BBUKPLC Group face, see Note 23 (*Provisions*) and Note 25 (*Legal, competition and regulatory matters*) to the audited consolidated financial statements of the Issuer for the year ended 31 December 2018 on pages 153 and pages 155, respectively, of the 2018 Annual Report, which is incorporated by reference into this Base Prospectus.

Save as disclosed, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had during the 12 months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer and/or the Group.

<sup>1</sup> Subject to regulatory approval, Matt Hammerstein has been appointed as the new Chief Executive Officer and has joined the Board of Directors of the Issuer.

<sup>2</sup> Subject to regulatory approval, Rupert Fowden has been appointed as the interim Chief Financial Officer and has joined the Board of Directors of the Issuer.

## THE LLP

### Introduction

The LLP was incorporated in England and Wales on 23 October 2007 as a limited liability partnership (registered number OC332284) with limited liability under the LLPA 2000 by Barclays Bank PLC and the Liquidation Member as its Members. BBUK PLC replaced Barclays Bank PLC as Member on the RFTS Effective Date. The principal place of business of the LLP is at 1 Churchill Place, London, E14 5HP (telephone number: +44(0) 20 7116 1000). The LLP has no subsidiaries.

### Principal Activities

The principal objects of the LLP are set out in the LLP Deed and include, *inter alia*, the ability to carry on the business of acquiring the Mortgage Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement, acquiring its beneficial interest in the Mortgage Reserve Originator Trust and granting Additional MRT Contributions from time to time in accordance with the provisions of the Mortgage Reserve Originator Trust Deed with a view to profit and to do all such things as are incidental or conducive to the carrying on of that business and to borrow money.

The LLP has not engaged since its incorporation, and will not engage whilst the Covered Bonds or any Term Advance remains outstanding, in any material activities other than activities incidental to its incorporation under the LLPA 2000, activities contemplated under the Transaction Documents to which it is or will be a party, applying for a standard licence under the Consumer Credit Act 1974, paying fees to the Information Commissioner's Office in connection with data protection requirements and other matters which are incidental or ancillary to the foregoing.

### Members

The members of the LLP as at the date of this Base Prospectus and their principal offices are:

<b>Name</b>	<b>Principal Office</b>
Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP
Liquidation Member	35 Great St. Helen's, London, EC3A 6AP

The LLP has no employees.

### Directors of the Members

The following table sets out the directors of the Liquidation Member and their respective business addresses and occupations.

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
Intertrust Directors 1 Limited	35 Great St. Helen's, London, EC3A 6AP	Acting as corporate company director of special purpose companies
Intertrust Directors 2 Limited	35 Great St. Helen's, London, EC3A 6AP	Acting as corporate company director of special purpose companies
Helena Whitaker	35 Great St. Helen's, London, EC3A 6AP	Director, Intertrust Management Limited

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their principal activities or business occupations are:

<b>Name</b>	<b>Business address</b>	<b>Principal Activities</b>
Helena Whitaker	35 Great St. Helen's, London, EC3A 6AP	Director, Intertrust Management Limited
Susan Abrahams	35 Great St. Helen's, London, EC3A 6AP	Director, Intertrust Management Limited
Michelle O'Flaherty	35 Great St. Helen's, London, EC3A 6AP	Director, Intertrust Management Limited
Clive Short	35 Great St. Helen's, London, EC3A 6AP	Director, Intertrust Management Limited
Andrea Williams	35 Great St. Helen's, London, EC3A 6AP	Director, Intertrust Management Limited

The directors of Barclays Bank UK PLC are set out under "Directors" on pages 85 and 86 above.

No potential conflicts of interest exist between any duties owed to the LLP by the Directors of the Members, including Intertrust Directors 1 Limited, Intertrust Directors 2 Limited, the individual directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and the individual directors of Barclays Bank UK PLC as listed above, and their private interests or other duties.

The LLP has no loan capital, term loans, other borrowings or indebtedness or contingent liabilities or guarantees as at the Programme Date other than the Covered Bond Guarantee.

The LLP's accounting reference date is 31 December. The first statutory accounts were drawn up on 31 December 2008 and the latest statutory accounts were drawn up on 31 December 2017.

The information provided in this section has been obtained from the Liquidation Member. As far as the Issuer is aware and is able to ascertain from the information provided by the Liquidation Member, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## SUMMARY OF THE PRINCIPAL DOCUMENTS

### Trust Deed

The Trust Deed, entered into between the Issuer, the LLP, the Bond Trustee and the Security Trustee on the Programme Date, is the principal agreement governing the Covered Bonds. The Issuer and the Bond Trustee agreed to enter into the amended and restated Trust Deed on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC. The Trust Deed contains provisions relating to, *inter alia*:

- (a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under "*Terms and Conditions of the Covered Bonds*" below);
- (b) the covenants of the Issuer and the LLP;
- (c) the terms of the Covered Bond Guarantee (as described below);
- (d) the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and
- (e) the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign or retire or be removed.

### *The Covered Bond Guarantee*

Pursuant to the terms of the Covered Bond Guarantee, if the Issuer defaults in the payment on the due date of any moneys due and payable under or pursuant to the Trust Deed or the Covered Bonds or any Receipts or Coupons, or if any other Issuer Event of Default occurs (other than by reason of non-payment) or if an LLP Event of Default occurs, the LLP has agreed (subject as described below) to pay or procure to be paid (following service of an Issuer Acceleration Notice and Notice to Pay or, if applicable, an LLP Acceleration Notice), unconditionally and irrevocably to or to the order of the Bond Trustee (for the benefit of the holders of the Covered Bonds), an amount equal to that portion of the Guaranteed Amounts which shall become Due for Payment but would otherwise be unpaid, as of any Original Due for Payment Date or, if applicable, Extended Due for Payment Date, by the Issuer. Under the Covered Bond Guarantee, the Guaranteed Amounts will become due and payable on any earlier date on which an LLP Acceleration Notice is served.

Service of a Notice to Pay on the LLP will follow (i) the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or (ii) the breach of the Pre-Maturity Test (if certain actions are not taken within a specified period). However, a breach of the Pre-Maturity Test will not require the LLP to pay under the Covered Bond Guarantee until an Issuer Event of Default and an Issuer Acceleration Notice have also occurred. Payment by the LLP of the Guaranteed Amounts pursuant to the Covered Bond Guarantee will be made on the later of (a) the day which is two Business Days following service of a Notice to Pay on the LLP and (b) the day on which the Guaranteed Amounts are otherwise Due for Payment.

All payments of Guaranteed Amounts by or on behalf of the LLP will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless the withholding or deduction of such taxes, assessments or other governmental charges are required by law or regulation or administrative practice of the United Kingdom (or any other jurisdiction) or any political sub-division thereof or any authority therein or thereof having the power to tax. If any such withholding or deduction is required, the LLP will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The LLP will not be obliged to pay any additional amount to the Bond Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction.

Under the terms of the Covered Bond Guarantee, the LLP agrees that its obligations under the Covered Bond Guarantee shall be as principal debtor and not merely as surety and shall be absolute and unconditional, irrespective of, and unaffected by, any invalidity, irregularity or unenforceability of, or defect in, any provisions of the Trust Deed or the Covered Bonds or Receipts or Coupons or the absence

of any action to enforce the same or the waiver, modification or consent by the Bond Trustee or any of the holders of the Covered Bonds, Receiptholders or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

Subject to the grace periods specified in Condition 9(b) (*LLP Events of Default*), failure by the LLP to pay the Guaranteed Amounts when Due for Payment will result in an LLP Event of Default.

The Trust Deed provides that the Excess Proceeds shall be paid by the Bond Trustee on behalf of the holders of the Covered Bonds of the relevant Series to the LLP for its own account, as soon as practicable, and shall be held by the LLP in the GIC Account and the Excess Proceeds shall thereafter form part of the Security and shall be used by the LLP in the same manner as all other moneys from time to time standing to the credit of the GIC Account. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons. However, the obligations of the LLP under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and Notice to Pay or, if earlier, service of an LLP Acceleration Notice) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any of such obligations.

By subscribing for Covered Bond(s), each holder of the Covered Bonds shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the LLP in the manner as described above.

Please also see "*The Bond Trustee and the Security Trustee: powers, responsibilities and liabilities*" below for further information in relation to the role of the Bond Trustee.

The Trust Deed is governed by English law.

### **Intercompany Loan Agreement**

On each Issue Date, the Issuer will use the proceeds of the Covered Bonds issued under the Programme to lend on that date an amount equal to the Principal Amount Outstanding (or its Sterling Equivalent) on the Issue Date of the issue of the related Covered Bonds to the LLP by way of a Term Advance pursuant to the Intercompany Loan Agreement. The Intercompany Loan Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC. Each Term Advance will either be made in the relevant currency of the Covered Bonds or (to the extent necessary) will be swapped into Sterling pursuant to the relevant Swap Agreement or its Sterling Equivalent. The Sterling Equivalent of each Term Advance will be used by the LLP: (i) as consideration in part for the acquisition of the Initial Mortgage Loan Portfolio and each New Mortgage Loan Portfolio consisting of Mortgage Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) to make an Additional MRT Contribution to the Originator Trustee in connection with its acquisition of the beneficial interest in the related Reference Mortgage Reserves pursuant to the terms of the Mortgage Reserve Originator Trust Deed; and/or (iii) to invest in Substitution Assets in an amount not exceeding the prescribed limit to the extent required to meet the requirements of Regulations 17(2)(b) and 24(1)(a)(ii) of the RCB Regulations and the Asset Coverage Test; and thereafter the LLP may use such proceeds: (a) (subject to complying with the Asset Coverage Test) to make a Capital Distribution to a Member; and/or (b) if an existing Series or Tranche, or part of an existing Series or Tranche, of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds), to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced; and/or (c) to make a deposit of all or part of the proceeds in the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the prescribed limit).

The Issuer will not be relying on repayment of any Term Advance in order to meet its repayment obligations under the Covered Bonds. The LLP will pay amounts due in respect of Term Advances(s) in accordance with the relevant Priorities of Payments. Prior to the service of a Notice to Pay on the LLP, amounts due in respect of each Term Advance will be paid by the LLP to, or as directed by, the Issuer on each Interest Payment Date, subject to paying all higher ranking amounts in the Pre-Acceleration Revenue Priority of Payments or, as applicable, the Pre-Acceleration Principal Priority of Payments. The

Issuer may use the proceeds of the Term Advances to pay amounts due on the Covered Bonds. However, any failure by the LLP to pay any amounts due on the Term Advances will not affect the liability of the Issuer to pay the relevant amount due on the Covered Bonds.

The amounts owed by the LLP to the Issuer under the Term Advances will be reduced by (i) any amounts paid by the LLP under the terms of the Covered Bond Guarantee to repay the Covered Bonds (the proceeds of which were originally applied to make such Term Advances) and (ii) the Principal Amount Outstanding of any Covered Bonds (the proceeds of which were originally applied to make such Term Advances) purchased by the LLP and cancelled in accordance with Condition 6(h) (*Cancellation*).

The Intercompany Loan Agreement is governed by English law.

## **Mortgage Sale Agreement**

### ***The Seller***

Mortgage Loans and their Related Security will be sold to the LLP from time to time pursuant to the terms of the Mortgage Sale Agreement entered into on the Programme Date between Barclays Bank PLC (in its then capacity as Seller), the LLP and the Security Trustee. The Mortgage Sale Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme (including Seller) from Barclays Bank PLC to Barclays Bank UK PLC. As at the date of this Base Prospectus, the collateral sold by the Seller to the LLP to support the LLP's obligations under the Covered Bond Guarantee will only comprise residential mortgage loans originated by Barclays Bank PLC (prior to the RFTS Effective Date) and the Seller (following the RFTS Effective Date) in England, Wales, Scotland or Northern Ireland. However, subject to prior written confirmation from the Rating Agencies that the then current ratings of all Series of Covered Bonds that are then outstanding shall not be adversely affected and subject to compliance with all applicable laws and regulations in force at such time, the Seller may sell to the LLP other forms of collateral as specified by way of supplement to this Base Prospectus.

### ***Sale by the Seller of Mortgage Loans and Related Security***

The Mortgage Loan Portfolio will consist of Mortgage Loans and their Related Security sold from time to time by the Seller to the LLP in accordance with the terms of the Mortgage Sale Agreement. The types of Mortgage Loans forming part of the Mortgage Loan Portfolio will vary over time, **provided that**, at the time the relevant Mortgage Loans are sold to the LLP, the Eligibility Criteria (as described below) in respect of such Mortgage Loans are met on the relevant Transfer Date. Accordingly, the Mortgage Loan Portfolio may, at any time, include Mortgage Loans with characteristics that were not being offered to Borrowers on previous Transfer Dates.

Prior to the occurrence of an Issuer Event of Default or an LLP Event of Default, the LLP will acquire Mortgage Loans and their Related Security from the Seller in the three circumstances described below:

- (a) *first*, in relation to the issue of Covered Bonds from time to time in accordance with the Programme, the Issuer will make Term Advances to the LLP, the proceeds of which may be applied in whole or in part by the LLP to acquire Mortgage Loans and their Related Security from the Seller and/or make Additional MRT Contributions to the Originator Trustee pursuant to the terms of the Mortgage Reserve Originator Trust Deed. In exchange for the sale of the Mortgage Loans and their Related Security to the LLP, the Seller will receive an amount equal to the outstanding principal balance of those Mortgage Loans sold by it as at the Transfer Date and the LLP will grant an Additional MRT Contribution which will result in an increase in the MRT Trust Value, which will be satisfied by a combination of:
  - (i) a cash payment (if any) to be made by the LLP from the proceeds of the relevant Term Advance and/or from Available Principal Receipts; and/or
  - (ii) the Seller being treated as having made a Capital Contribution in Kind in an amount equal to the difference between the outstanding principal balance of the Mortgage Loans sold by the Seller as at the relevant Transfer Date and the cash payment (if any) made by the LLP,



- (sub-paragraphs (i) and (ii) above being the "**Initial Consideration**"); and
- (iii) Deferred Consideration; and
- (b) *secondly*, prior to service of a Notice to Pay on the LLP, the LLP will use the Available Principal Receipts to acquire New Mortgage Loans and their Related Security from the Seller and/or Substitution Assets (in respect of any Substitution Assets, up to the prescribed limit and make Additional MRT Contributions to the Originator Trustee pursuant to the terms of the Mortgage Reserve Originator Trust Deed); and
- (c) *thirdly*, the LLP and the Seller are required to ensure that the Adjusted Aggregate Asset Amount is maintained at all times in compliance with the Asset Coverage Test (as determined by the Cash Manager on each Calculation Date and after having had due regard to the then aggregate Mortgage Reserve Account Balance of the Reference Mortgage Reserve Portfolio). If on any Calculation Date there is a breach of the Asset Coverage Test, the Seller will use all reasonable efforts to offer to sell sufficient New Mortgage Loans and their Related Security to the LLP and the LLP will use all reasonable endeavours to acquire from the Seller sufficient New Mortgage Loans and their Related Security (and will make Additional MRT Contributions to the Originator Trustee in respect of the related Mortgage Reserves becoming Reference Mortgage Reserves in accordance with the terms of the Mortgage Reserve Originator Trust Deed) so that the Adjusted Aggregate Asset Amount is maintained at all times in compliance with the Asset Coverage Test as determined by the Cash Manager on each Calculation Date and after having had due regard to the then aggregate Mortgage Reserve Account Balance of the Reference Mortgage Reserve Portfolio.

The Initial Consideration for the Mortgage Loans and their Related Security shall be equal to the principal par value of such Mortgage Loans. However, in return, on any Transfer Date, and as an incentive to the LLP: (i) purchasing such Mortgage Loans at their then principal par value (and, in particular, in respect of certain fixed rate loans whose market value may at such time be less than their then principal par value); and (ii) entering into (or, as the case may be, increasing the hedging coverage under) the TRS with the TRS Provider at the relevant TRS Rate (which the Seller will have the indirect economic benefit of by way of potentially increased levels of Deferred Consideration), the Seller will pay an inducement fee to the LLP (a "**Mortgage Purchase Inducement Fee**"). Such Mortgage Purchase Inducement Fee payable by the Seller on each such Transfer Date will be in an aggregate amount equal to the then swap premium amount payable by the LLP to the TRS Provider pursuant to the terms of the TRS on such Transfer Date.

If Selected Mortgage Accounts and their Related Security are sold by or on behalf of the LLP and the Originator Trustee as described below under "*LLP Deed – Sale of Selected Mortgage Accounts and their Related Security following service of a Notice to Pay*" below, the obligations of the Seller insofar as they relate to those Selected Mortgage Accounts and their Related Security will cease to apply.

The Seller will also be required to repurchase Mortgage Loans and their Related Security sold to the LLP in the circumstances described below under "*Repurchase of Mortgage Loans*" below.

Any "**sale**" or "**assignment**" of loans referred to in this Base Prospectus will, in relation to the Scottish Mortgage Loans, be given effect by a Scottish Declaration of Trust.

#### ***Eligibility Criteria***

The sale of Mortgage Loans and their Related Security to the LLP will be subject to various conditions (the "**Eligibility Criteria**") being satisfied on each relevant Transfer Date, including:

- (a) no Issuer Event of Default or LLP Event of Default under the Transaction Documents shall have occurred which is continuing as at the relevant Transfer Date or Calculation Date (as applicable);
- (b) 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 Mortgage Loans and their Related Security, would adversely affect the then current ratings by Moody's, S&P or Fitch of the Covered Bonds;
- (c) the weighted average yield on the TRS is at least 0.15 per cent. greater than LIBOR for one-month Sterling deposits;

- (d) no Mortgage Account has an Aggregate Debt Limit of more than £1,500,000;
- (e) no Mortgage Loan relates to a Property which is not a residential Property;
- (f) no Mortgage Loan is in arrears for more than 90 days and no Reference Mortgage Reserve has a Mortgage Reserve Account Balance in excess of the Mortgage Reserve Credit Limit; and
- (g) no Mortgage Loan constitutes a New Loan Type, in respect of which no written confirmation or published criteria as may be applicable has been received by the Issuer from each of the Rating Agencies, that such New Loan Type may be sold to the LLP.

On the relevant Transfer Date and/or Calculation Date, the Representations and Warranties (described in "*Representations and warranties*" below) will be given by the Seller in respect of the Mortgage Loans and their Related Security sold by the Seller to the LLP.

Transfer of Title to the Mortgage Loans, the LLP English Mortgage Loans and Northern Irish Mortgage Loans will be sold by the Seller to the LLP by way of equitable assignment. Scottish Mortgage Loans will be sold by the Seller to the LLP by Scottish Declarations of Trust under which the beneficiary's interest in such trust will be vested in the LLP. In relation to Scottish Mortgage Loans, references in this document to a "sale" or "assignment" of Mortgage Loans or to Mortgage Loans having been "sold" are to be read as references to the making of such Scottish Declarations of Trust. Such beneficiary's interest (as opposed to the legal title) cannot be registered or recorded in H.M. Land Registry, Land Registry of Northern Ireland, the Registry of Deeds of Northern Ireland or the Registers of Scotland. As a result, legal title to Mortgage Loans and their Related Security will remain with the Seller (or, in the case of Mortgages of land in Scotland, in respect of such Mortgages originated prior to the RFTS Effective Date and granted in favour of Barclays Bank PLC, such Mortgages will remain registered in the name of Barclays Bank PLC at Registers of Scotland rather than in the name of BBUKPLC, unless a notice of title is registered with Registers of Scotland) until legal assignments (in relation to English Mortgage Loans and Northern Irish Mortgage Loans) or assignments (in relation to Scottish Mortgage Loans) are delivered by the Seller to the LLP and notice of the sale is given by the Seller to the Borrowers. Legal assignment or assignment (as appropriate) of the Mortgage Loans and their Related Security (including, where appropriate, their registration or recording in the relevant property register) to the LLP will be deferred and will only take place in the limited circumstances described below.

Legal assignment or assignment (as appropriate) of the Mortgage Loans and their Related Security (or, where specified, the Selected Mortgage Loans and their Related Security) to the LLP will be completed on or before the 20th Business Day after the earliest of the following:

- (a) the occurrence of an Issuer Event of Default and service on the Issuer of an Issuer Acceleration Notice and the service on the LLP of a Notice to Pay;
- (b) in respect of Selected Mortgage Loans only, at the request of the LLP following the acceptance of any offer to sell the Selected Mortgage Loans and their Related Security to any person who is not the Seller;
- (c) the Seller and/or the LLP being required to perfect legal title to the Mortgage Loans by an order of a court of competent jurisdiction, or by a regulatory authority of which the Seller is a member or any organisation whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller to comply, to perfect legal title to the Mortgage Loans;
- (d) it becoming necessary by law to take any or all such actions;
- (e) the security under the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy;
- (f) unless otherwise agreed by the Security Trustee (such consent to be given if the Rating Agencies have confirmed to the Issuer that it would not adversely affect the then current ratings of the Covered Bonds), the termination of the Seller's role as Administrator under the Administration Agreement, unless as at the relevant date of termination any substitute servicer is a member of the BBUKPLC Group;

- (g) the Seller calling for perfection by serving notice in writing to that effect on the LLP and the Security Trustee;
- (h) 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;
- (i) the occurrence of an Insolvency Event in relation to the Seller; and
- (j) the Seller has been downgraded below BBB- by S&P, Baa3 by Moody's and BBB- by Fitch.

Pending completion of the legal assignment or assignation (as appropriate), the right of the LLP to exercise the powers of the legal owner of, or (in Scotland) the heritable creditor under, the Mortgages will be secured by, or (in Scotland) supported by, an irrevocable power of attorney granted by the Seller in favour of the LLP and the Security Trustee.

The Title Deeds and Loan Files relating to the Mortgage Loans in the Mortgage Loan Portfolio will be held by or to the order of the Seller or the Administrator, as the case may be, or by solicitors, licensed conveyancers or (in Scotland) qualified conveyancers acting for the Seller in connection with the creation of the Mortgage Loans and their Related Security. The Seller or the Administrator, as the case may be, will undertake that all the Title Deeds and Loan Files relating to the Mortgage Loans in the Mortgage Loan Portfolio which are at any time in their possession or under their control or held to their order will be held to the order of the Security Trustee or as the Security Trustee may direct.

***Representations and warranties***

None of the LLP, the Security Trustee or the Bond Trustee has made or has caused to be made on its behalf any inquiries, searches or investigations in respect of the Mortgage Loans and their Related Security to be sold to the LLP. Instead, each is relying entirely on the Representations and Warranties made by the Seller contained in the Mortgage Sale Agreement. The parties to the Mortgage Sale Agreement may, with the prior written consent of the Security Trustee (which shall be given if the Rating Agencies have confirmed it would not adversely affect the then current ratings of the Covered Bonds), amend the Representations and Warranties in the Mortgage Sale Agreement. The Seller's material Representations and Warranties under the Mortgage Sale Agreement include, *inter alia*, substantially the following:

- (a) subject to completion of any registration which may be pending at H.M. Land Registry or the Registers of Scotland, or the Land Registry of Northern Ireland, or the Registry of Deeds of Northern Ireland, the Seller is the absolute legal and beneficial owner of the Mortgage Account, the Related Security and all property to be sold and assigned by the Seller to the LLP pursuant to the Mortgage Sale Agreement (it being noted that, in the case of Mortgages of land in Scotland, in respect of such Mortgages originated prior to the RFTS Effective Date and granted in favour of Barclays Bank PLC, such Mortgages will remain registered in the name of Barclays Bank PLC at Registers of Scotland rather than BBUKPLC, unless a notice of title is registered with Registers of Scotland);
- (b) each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower under the relevant Mortgage Account in priority to any other charges registered against the relevant Property;
- (c) subject to completion of any registration or recording which may be pending at H.M. Land Registry or the Registers of Scotland, or the Land Registry of Northern Ireland, or the Registry of Deeds of Northern Ireland, each mortgage either constitutes, or will constitute, following registration or recording at H.M. Land Registry or the Registers of Scotland, or the Land Registry of Northern Ireland, or the Registry of Deeds of Northern Ireland (in England and Wales) a first ranking charge by way of legal mortgage or (in Scotland) a first ranking standard security over the relevant Mortgaged Property or (in Northern Ireland) a first ranking mortgage or charge in respect of the relevant Mortgaged Property;
- (d) each relevant Mortgaged Property is located in England, Wales, Northern Ireland or Scotland;
- (e) prior to making a Mortgage Account, the Seller instructed or required to be instructed on its behalf solicitors or licensed conveyancers to carry out all investigations, searches and other

actions in relation to the relevant Mortgaged Property that would have been undertaken by the Seller acting in accordance with standards consistent with those of a reasonable and prudent prime residential mortgage lender lending to borrowers in England, Wales, Northern Ireland and Scotland who generally satisfy the lending criteria of traditional sources of residential mortgage capital, when advancing money in an amount equal to such advance to an individual to be secured on a Mortgaged Property of the kind permitted under the Lending Criteria and a report or certificate on title was received by or on behalf of the Seller from such solicitors which, either internally or after further investigation, revealed no material matter which would cause the Seller, acting reasonably, to decline the Mortgage Loan having regard to the Lending Criteria;

- (f) the Seller's Lending Criteria are consistent with the lending criteria that would be used by a Prudent Mortgage Lender;
- (g) in relation to each Mortgage Account, the Borrower has a good and marketable title to the relevant Mortgaged Property;
- (h) prior to making a Mortgage Account, an independent valuation may be carried out or instructed by one of the then Seller's current panel managers (which is currently only Esurv Limited) (or, as applicable, an automated valuation was carried out as permitted under the lending criteria) on the relevant Mortgaged Property, and the results of any such obtained valuation would be acceptable to a Prudent Mortgage Lender;
- (i) prior to making a Mortgage Account, the nature and amount of such Mortgage Account, the circumstances of the relevant Borrower and nature of the relevant Mortgaged Property satisfied the Seller's Lending Criteria in force at that time in all material respects;
- (j) the Mortgage Reserve Account Balance of each Mortgage Reserve associated to the applicable Mortgage Loan is less than or equal to the Mortgage Reserve Credit Limit for the respective Mortgage Reserve;
- (k) so far as the Seller is aware, no Borrower is in material breach of the Mortgage Conditions of its Mortgage Loan;
- (l) the first payment due has been paid by the relevant Borrower in respect of each Mortgage Loan and each Mortgage Account is fully performing;
- (m) so far as the Seller is aware, each insurance contract arranged by the Seller in respect of any Mortgaged Property is in full force and effect and all premiums which have become due and payable have been paid in full and the Seller is not aware of any circumstances giving the insurer under any such insurance contract the right to avoid or terminate such policy so far as it relates to the Mortgaged Properties or the Mortgage Accounts;
- (n) the Seller has procured that full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts and any enforcement proceedings or any other correspondence relating to each Mortgage Account and its Mortgage;
- (o) each Borrower is a natural legal person;
- (p) all formal approvals, consents and other steps necessary to permit an equitable or beneficial transfer of, or a declaration of trust over, and a transfer of servicing away from the Seller or, as applicable, the Originator Trustee of, the Mortgage Accounts and their related Mortgages to be sold under the Mortgage Sale Agreement whenever required under the transaction documents have been obtained or taken and there is no requirement in order for such transfer or declaration of trust to be effective to notify the Borrower before, on, or after any such equitable or beneficial transfer or declaration of trust;
- (q) no Mortgage Account has an Aggregate Debt Limit of more than £1,500,000;
- (r) each Mortgage Account was originated or acquired by (prior to the RFTS Effective Date), Barclays Bank PLC or one of its subsidiaries and (following the RFTS Effective Date), Barclays Bank UK PLC or one of its subsidiaries;

- (s) so far as the Seller is aware, no Mortgage Account in the Portfolio was lent for the purpose of funding the acquisition of a Property that was intended to be used by the occupier on a continuous basis for a combined commercial and residential purpose;
- (t) each Mortgage Account has a remaining term of less than 50 years;
- (u) so far as the Seller is aware, no Mortgage Account in the Portfolio was lent for the purpose of financing the construction of a property;
- (v) no Mortgage Account in the Portfolio was lent as a buy-to-let Mortgage Loan;
- (w) the Mortgage Loans and their Related Security comply with the definition of "Eligible Property" as set out in Regulation 2 (*Eligible Property*) of the RCB Regulations; and
- (x) subject to the Euro being adopted as the lawful currency of the United Kingdom of Great Britain and Northern Ireland, each Mortgage Account was originated by the Seller in Sterling and is denominated in Sterling (or was originated and is denominated in Euro at any time when the Euro has been adopted as the lawful currency of the UK) and is currently repayable in Sterling (or Euro at any time when the Euro has been adopted as the lawful currency of the UK).

If New Loan Types are to be sold to the LLP, then the Representations and Warranties in the Mortgage Sale Agreement will be modified as required to accommodate these New Loan Types, subject to the Rating Agencies confirming that such New Loan Type may be sold to the LLP. The prior written consent of the Covered Bondholders to the amendments will not be required.

#### ***Repurchase of Mortgage Loans***

If the Seller receives a Mortgage Loan Repurchase Notice from the LLP identifying a Mortgage Loan or its Related Security in the Mortgage Loan Portfolio which did not, as at the relevant Transfer Date, materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement, then the Seller will be required to repurchase (i) any such Mortgage Loan and its Related Security and (ii) any other Mortgage Loans of the relevant Borrower and their Related Security that are included in the Mortgage Loan Portfolio in accordance with the terms of the Mortgage Sale Agreement.

In addition to the foregoing circumstances, the Seller will also be required to repurchase a Mortgage Loan or Mortgage Loans and its or their Related Security sold by them to the LLP where:

- (a) a Further Advance or Mortgage Reserve Credit and Aggregate Debt Limit Increase is made in respect of a Mortgage Loan or its associated Mortgage Reserve (and in these circumstances, the Seller will be able to offer to sell the affected Mortgage Loan together with the related Further Advance back to the LLP, **provided that** the affected Mortgage Loan and the related Further Advance comply with the Eligibility Criteria); or
- (b) a Product Switch occurs (and in these circumstances, the Seller will be able to offer to sell the affected Mortgage Loan back to the LLP, **provided that** the affected Mortgage Loan complies with the Eligibility Criteria following such Product Switch),

in each case, as described below.

#### ***Product Switches, Further Advances and Mortgage Reserve Credit and Aggregate Debt Limit Increases***

The Seller has the right to agree or refuse a Borrower's request for a Product Switch or Further Advance. If the Seller agrees to such request and if the Mortgage Loan which is the subject of the Product Switch or Further Advance (as applicable) is in the Mortgage Loan Portfolio at such time, the Seller will agree, pursuant to the terms of the Mortgage Sale Agreement, to repurchase such Mortgage Loan together with its Related Security from the LLP as of the Determination Date immediately following such Product Switch or Further Advance (as applicable).

In addition, upon application by a Borrower, subject to certain conditions, the Originator Trustee may, from time to time, allow the Mortgage Reserve Credit and the Aggregate Debt Limit to increase. If the Originator Trustee in its sole discretion agrees to a Mortgage Reserve Credit and Aggregate Debt Limit

Increase, the Seller will be required to repurchase the associated Mortgage Loan (together with its Related Security) as of such Determination Date.

The repurchase price payable for each Mortgage Loan is an amount (not less than zero) equal to the outstanding principal balance thereof together with any Accrued Interest and Arrears of Interest and expenses as at the Determination Date preceding such repurchase. The repurchase proceeds received by the LLP will be applied (other than Accrued Interest and Arrears of Interest) in accordance with the Pre-Acceleration Principal Priority of Payments (see "*Cashflows*" below).

In connection with the repurchase of any Mortgage Loan, the Originator Trustee shall also, in accordance with the terms and conditions of the Mortgage Reserve Originator Trust Deed and/or the Scottish Declaration of Trust or applicable Additional Scottish Declaration of Trust, on the immediately following Originator Trust Distribution Date, make an MRT Distribution to the LLP in an amount equal to the then Mortgage Reserve Account Balance of the Reference Mortgage Reserve as at the immediately preceding Determination Date which is linked to such Mortgage Loan (less an amount equal to any Aggregate Potential MRT Interest Amount in respect of such Reference Mortgage Reserve) plus pay any MRT Interest Amount in an amount equal to, *inter alia*, the then Aggregate Potential MRT Interest Amount in respect of such Reference Mortgage Reserve. Following receipt of such MRT Distribution by the LLP, the relevant Reference Mortgage Reserve will, pursuant to and in accordance with the terms of the Mortgage Reserve Originator Trust Deed and/or the Scottish Declaration of Trust or applicable Additional Scottish Declaration of Trust, cease to be a Reference Mortgage Reserve.

**Provided that** the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller have not been downgraded below A-1 by S&P, P-1 by Moody's and F1 by Fitch, the repurchase price for the relevant Mortgage Loan subject of a repurchase pursuant to a Product Switch, Further Advance or Mortgage Reserve Credit and Aggregate Debt Limit Increase (as applicable) shall be payable by the Seller to the LLP on the LLP Payment Date immediately following the Determination Date on which the relevant Mortgage Loan is to be repurchased as a result of a Product Switch, Further Advance or Mortgage Reserve Credit or Aggregate Debt Limit Increase (as applicable). If, however, the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller have been downgraded below A-1 by S&P, P-1 by Moody's and F1 by Fitch, the repurchase price for the relevant Mortgage Loan subject of a repurchase pursuant to a Product Switch, Further Advance or Mortgage Reserve Credit and Aggregate Debt Limit Increase (as applicable) shall be payable by the Seller to the LLP on the Determination Date immediately following such Product Switch, Further Advance or Mortgage Reserve Credit or Aggregate Debt Limit Increase.

#### ***Reference Mortgage Reserves and the Related Security***

The Related Security that is assigned to the LLP pursuant to the Mortgage Sale Agreement is also security over amounts owing to the Originator Trustee under the associated Reference Mortgage Reserves. The LLP shall hold the Related Security, to the extent the Related Security secures amounts owing to the Originator Trustee under the associated Reference Mortgage Reserves, on trust for the Originator Trustee. Given that the LLP shall not be able to directly apply such security enforcement proceeds to the amounts owing under the associated Reference Mortgage Reserves (as such amounts are owed by the related Borrower directly to the Originator Trustee), in the event the LLP exercises its rights to enforce the Related Security, the Administrator on behalf of the LLP or the LLP itself, shall be required to pay on the immediately following LLP Payment Date, such security enforcement proceeds it receives (such amounts being "**Mortgage Reserve Security Enforcement Proceed Amounts**") directly to the Originator Trustee for the Originator Trustee to apply in reducing the Mortgage Reserve Account Balance of the associated Reference Mortgage Reserves. Any such reduction in the Mortgage Reserve Account Balance shall, pursuant to the terms of the Mortgage Reserve Originator Trust Deed, require the Originator Trustee to make a corresponding distribution of the MRT Principal Amount to the LLP. In addition, pursuant to the terms of the Mortgage Sale Agreement and the Mortgage Reserve Originator Trust Deed, the LLP shall be entitled to set off the amounts payable to the Originator Trustee in relation to any such Mortgage Reserve Security Enforcement Proceed Amounts against the corresponding amounts then payable by the Originator Trustee pursuant to the Mortgage Reserve Originator Trust Deed. To the extent that the Originator Trustee fails to recover the full amount outstanding on a Mortgage Reserve Account Balance, such shortfall will lead to a Mortgage Reserve Principal Loss Reduction.

Pursuant to the terms of the Mortgage Sale Agreement and the Mortgage Reserve Originator Trust Deed, any proceeds recovered from the enforcement of any Related Security of a Mortgage Account will first be

applied in discharging the relevant Borrower's obligations under its associated Reference Mortgage Reserve and thereafter in discharging the relevant Borrower's obligations under the associated Mortgage Loan.

### ***Defaulted Mortgage Accounts***

If a Mortgage Account becomes a Defaulted Mortgage Account, then that Defaulted Mortgage Account will be attributed a reduced weighting in the calculation of the Asset Coverage Test and the Amortisation Test as at the relevant Calculation Date. In addition, the Seller may, at its option, repurchase a Defaulted Mortgage Account for an amount equal to its outstanding principal balance together with any Accrued Interest and Arrears of Interest as at the next Determination Date after such Mortgage Account becomes a Defaulted Mortgage Account, following which repurchase the associated Mortgage Reserve shall cease to be a Reference Mortgage Reserve and the Originator Trustee will be required to make a corresponding MRT Distribution to the LLP.

### ***General ability to repurchase***

Prior to the occurrence of an Issuer Event of Default, the Seller may from time to time offer to repurchase a Mortgage Loan and its Related Security from the LLP for a purchase price of not less than the aggregate outstanding principal balance of the relevant Mortgage Loan together with any Accrued Interest and Arrears of Interest. The LLP may accept such offer at its discretion. In such cases, the Originator Trustee shall, on the immediately following Originator Trust Distribution Date, make a corresponding MRT Distribution to the LLP which shall comprise: (i) a principal amount equal to the then Mortgage Reserve Account Balance of the associated Reference Mortgage Reserve as at the immediately preceding Determination Date (less an amount equal to any Aggregate Potential MRT Interest Amount in respect of such Reference Mortgage Reserve); plus (ii) an MRT Interest Amount equal to, *inter alia*, the then Aggregate Potential MRT Interest Amount in respect of such Reference Mortgage Reserve. Following receipt of such MRT Distribution by the LLP, the relevant Reference Mortgage Reserve will, pursuant to and in accordance with the terms of the Mortgage Reserve Originator Trust Deed, cease to be a Reference Mortgage Reserve.

### ***Right of Pre-emption***

Under the terms of the Mortgage Sale Agreement, the Seller has a right of pre-emption in respect of any sale, in whole or in part, of Selected Mortgage Accounts and their Related Security. Prior to the LLP (in the case of the Selected Mortgage Loans and their Related Security) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) making any offer to sell Selected Mortgage Accounts and their Related Security to Purchasers in the manner described under "*– LLP Deed – Sale of Selected Mortgage Accounts and their Related Security following service of a Notice to Pay*" below, the LLP shall offer immediately to sell to the Seller those Selected Mortgage Loans and their Related Security and shall direct the Originator Trustee to accept surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves in accordance with the Mortgage Reserve Originator Trust Deed (or, in each case, to such other Seller nominated by the Seller) by serving on the Seller a Selected Mortgage Loans Offer Notice.

If the Seller accepts the LLP's offer to sell the Selected Mortgage Loans and their Related Security to the Seller within 15 Business Days from and including the date of the Selected Mortgage Loan Offer Notice and **provided that** (so long as no liquidator or administrator has been appointed to the Seller) the Seller has provided a solvency certificate in a form acceptable to the LLP and the Security Trustee (each acting reasonably), the LLP shall within five Business Days of receipt of such acceptance serve a Selected Mortgage Loans Repurchase Notice on the Seller and the Seller will repurchase from the LLP free from the Security created by and pursuant to the Deed of Charge the relevant Selected Mortgage Loans and their Related Security (and any other Mortgage Loan secured or intended to be secured by that Related Security or any part of it) referred to in the relevant Selected Mortgage Loan Repurchase Notice.

Upon receipt of the Selected Mortgage Loans Repurchase Notice duly signed on behalf of the LLP, the Seller shall promptly sign and return a copy of the Selected Mortgage Loans Repurchase Notice and shall repurchase from the LLP, and the LLP shall re-assign or re-transfer to the Seller free from the Security created by the Deed of Charge, the Selected Mortgage Loans and their Related Security (and any other Mortgage Loan secured or intended to be secured by that Related Security or any part of it) referred to in the relevant Selected Mortgage Loans Repurchase Notice.

Completion of such repurchase will take place on the LLP Payment Date after receipt of the Selected Mortgage Loans Repurchase Notice(s) or such date as the LLP may direct in the Selected Mortgage Loans Repurchase Notice (**provided that** such date is not later than the earlier to occur of the date which is (i) 20 Business Days after returning the Selected Mortgage Loan Repurchase Notice to the LLP and (ii) the Final Maturity Date of the Earliest Maturing Covered Bonds) when the Seller shall:

- (a) in connection with the repurchase of the Selected Mortgage Loans, pay to the GIC Account in accordance with the LLP Deed (or as the LLP shall direct) an amount in cash equal to the offer price specified in the relevant Selected Mortgage Loans Repurchase Notice; and
- (b) in connection with the surrender of the related Reference Mortgage Reserves, make a cash payment in an amount equal to the aggregate Mortgage Reserve Account Balance of the Reference Mortgage Reserves to the Originator Trustee pursuant to the Mortgage Reserve Originator Trust Deed,

**provided that** the aggregate of the amounts specified in paragraphs (a) and (b) above is not less than the Adjusted Required Redemption Amount.

**Provided further that** the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller have not been downgraded below A-1 by S&P, P-1 by Moody's and F1 by Fitch, the repurchase price for the relevant Mortgage Loan subject of a repurchase shall be payable by the Seller to the LLP on the LLP Payment Date immediately following the Determination Date on which the relevant Mortgage Loan is to be repurchased. If, however, the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller have been downgraded below A-1 by S&P, P-1 by Moody's and F1 by Fitch, the repurchase price for the relevant Mortgage Loan subject of a repurchase (as applicable) shall be payable by the Seller to the LLP on the Determination Date on which the relevant Mortgage Loan is to be repurchased.

Following any such sale of Selected Mortgage Loans and surrender of the related Reference Mortgage Reserves to the Seller, the Originator Trustee shall also, in accordance with the terms and conditions of the Mortgage Reserve Originator Trust Deed, make an MRT Distribution to the LLP; which shall comprise: (i) a principal amount equal to the aggregate Mortgage Reserve Account Balance of the related Reference Mortgage Reserves so surrendered (less an amount equal to any Aggregate Potential MRT Interest in respect of such Reference Mortgage Reserve); plus (ii) an MRT Interest Amount in an amount equal to, *inter alia*, the then Aggregate Potential MRT Interest Amount in respect of such Reference Mortgage Reserves. Following such MRT Distribution, the relevant Reference Mortgage Reserves will, pursuant to and in accordance with the terms of the Mortgage Reserve Originator Trust Deed, cease to be Reference Mortgage Reserves.

Those Selected Mortgage Accounts and their Related Security in respect of which the Seller rejects or fails within the requisite time limit to accept the offer of sale by the LLP (in the case of the Selected Mortgage Loans) and the surrender of the LLP's beneficial interest (in the case of the Reference Mortgage Reserves) shall be offered for sale by the LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) to Purchasers in the manner and on the terms described under "*– LLP Deed – Sale of Selected Mortgage Accounts and their Related Security following service of a Notice to Pay*" below.

The Mortgage Sale Agreement is governed by English law and has been entered into by way of deed. Any terms of the Mortgage Sale Agreement which are particular to (a) the laws of Scotland and (b) the laws of Northern Ireland shall be construed in accordance with Scots law and Northern Irish law, respectively.

## **The Mortgage Reserve Originator Trust and the Mortgage Reserve Originator Trust Deed**

### ***Establishment of the Mortgage Reserve Originator Trust***

Pursuant to the terms of the Mortgage Reserve Originator Trust Deed entered into on the MRT Establishment Date between the Originator Trustee, the Seller and the LLP, the Originator Trustee established the Mortgage Reserve Originator Trust and the LLP made the Initial MRT Contribution. The Mortgage Reserve Originator Trust is a trust formed under English law with the Originator Trustee as trustee for the sole benefit of the LLP in its capacity as Mortgage Reserve Originator Trust Beneficiary. The beneficial interest of the Mortgage Reserve Originator Trust Beneficiary is an absolute undivided



interest in the MRT Trust Property. The Mortgage Reserve Originator Trust Deed was supplemented on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC (including the Originator Trustee).

### ***MRT Trust Property***

In accordance with and pursuant to the terms of the Mortgage Reserve Originator Trust Deed, the Originator Trustee has agreed to hold all of the MRT Trust Property as to both capital and income on trust absolutely for the LLP in its capacity as Mortgage Reserve Originator Trust Beneficiary. The MRT Trust Property shall consist of the Initial Reference Mortgage Reserve Portfolio and any Additional Mortgage Reserve Portfolios and the rights and benefits of the Seller in the Initial Reference Mortgage Reserve Portfolio and any Additional Reference Mortgage Reserve Portfolios, including (without limitation) all such right, title, benefit and interest in and to:

- (a) the Mortgage Reserve Account Balance (including any increase from time to time in such Mortgage Reserve Account Balance) in relation to each Reference Mortgage Reserve in the Reference Mortgage Reserve Portfolio;
- (b) all rights to any moneys currently owed or to be owed in the future by a Borrower in connection with each Reference Mortgage Reserve in the Reference Mortgage Reserve Portfolio from time to time;
- (c) the Related Security in respect of the Reference Mortgage Reserves in any Reference Mortgage Reserve Portfolio;
- (d) any Mortgage Reserve Security Enforcement Proceeds Amounts received from time to time in respect of any Reference Mortgage Reserve in the Reference Mortgage Reserve Portfolio; and
- (e) the Mortgage Reserve Agreements related to the Reference Mortgage Reserves contained in the Reference Mortgage Reserve Portfolio,

(the "**MRT Trust Property**").

For a more detailed explanation relating to the Mortgage Reserves, please see "*The Mortgage Accounts and the Portfolio – Mortgage products offered by the Seller – Operation of the Mortgage Reserves*".

### ***Contributions to the Mortgage Reserve Originator Trust***

Pursuant to the terms of the Mortgage Reserve Originator Trust Deed, the LLP has agreed to make contributions to the Mortgage Reserve Originator Trust (each such contribution, an "**MRT Contribution**"). An MRT Contribution may be an Initial MRT Contribution, an Additional MRT Contribution or a Deferred MRT Contribution in each case as described below.

#### ***Initial MRT Contribution***

On the MRT Establishment Date and in consideration for the establishment of the Mortgage Reserve Originator Trust pursuant to the Mortgage Reserve Originator Trust Deed, the LLP paid the Initial MRT Contribution to the Originator Trustee.

#### ***Additional MRT Contributions***

In addition, the LLP has also agreed to make Additional MRT Contributions under the following circumstances:

- (a) on each LLP Payment Date and by way of consideration in respect of all aggregate increases in Mortgage Reserve Account Balances on Reference Mortgage Reserves during the immediately preceding Calculation Period which remain Reference Mortgage Reserves on the immediately preceding Determination Date in an amount equal to the then Aggregate Mortgage Reserve Account Balance Increase Amount for all Mortgage Reserves which were Reference Mortgage Reserves on the immediately preceding Determination Date; and

- (b) on each Transfer Date of any New Mortgage Loan Portfolio to the LLP pursuant to the Mortgage Sale Agreement and by way of consideration for the addition of the related Mortgage Reserves on such Transfer Date in an amount equal to the then aggregate Mortgage Reserve Account Balance for all Mortgage Reserves which became Reference Mortgage Reserves on such Transfer Date.

#### ***Funding of an Additional MRT Contribution***

The LLP shall fund each Additional MRT Contribution in the following ways and in the following order of priority:

- (a) *first*, out of Available Principal Receipts pursuant to item (ii) or, as applicable, item (iii) of the Pre-Acceleration Principal Priority of Payments; and/or
- (b) *secondly*, (if applicable) from the proceeds of any Term Advance pursuant to the Intercompany Loan Agreement; and/or
- (c) *thirdly*, in the event that the amounts available under paragraphs (a) and/or (b) above are less than the amount of the Additional MRT Contribution required to be made by the LLP at such time, the Seller (in its capacity as a Member) shall make a Capital Contribution in an amount equal to the remainder (such Capital Contribution, a "**Seller Mortgage Reserve Capital Contribution**").

Upon the LLP making an Additional MRT Contribution to the Originator Trustee, the MRT Trust Value will increase by an amount equal to such Additional MRT Contribution.

#### ***Deferred MRT Contributions***

Pursuant to the terms of the Mortgage Reserve Originator Trust Deed, the LLP has agreed from time to time to pay Deferred MRT Contributions to the Originator Trustee on each LLP Payment Date in an amount determined in accordance with the then application of the Deferred MRT Contribution Calculation Formula to the amount of Deferred Consideration available after making payments of a higher order of priority as set out in the relevant Priorities of Payments. Any Deferred MRT Contributions will not form part of the MRT Trust Property.

#### **Payments of MRT Interest Amounts and MRT Principal Amounts**

In accordance with and pursuant to the terms of the Cash Management Agreement, the Cash Manager will be responsible for providing cash management services to the Originator Trustee in respect of the Reference Mortgage Reserves and the payments to be made pursuant to and in accordance with the Mortgage Reserve Originator Trust Deed and shall be responsible for, *inter alia*, determining and distributing MRT Interest Amounts and MRT Principal Amounts on behalf of the Originator Trustee on each Originator Trust Distribution Date.

#### ***MRT Interest Amounts***

Interest is charged on each Reference Mortgage Reserve in the Reference Mortgage Reserve Portfolio at the prevailing BBUKPLC rate from time to time and any such interest ("**Mortgage Reserve Interest**") is added to the Mortgage Reserve Account Balance. Pursuant to the terms of the Administration Agreement, the Originator Trustee has appointed the Administrator to administer the Reference Mortgage Reserves and the Administrator has agreed to maintain the interest rate on any Reference Mortgage Reserve at a rate that is at no time lower than the lower of BBUKPLC then prevailing Barclays Standard Variable Rate and BBUKPLC then prevailing base rate. See "*The Mortgage Accounts and the Portfolio – Mortgage products offered by the Seller – Operation of the Mortgage Reserves*" and "*Summary of the Principal Documents – Administration Agreement*".

The amount of interest to be distributed by the Originator Trustee to the LLP in respect of a particular Calculation Period (the "**MRT Interest Amounts**") is linked to the amount of Mortgage Reserve Interest charged to a Borrower on such Borrower's Reference Mortgage Reserve during such Calculation Period and will be an amount equal to the sum of: (i) the MRT Immediately Due And Payable Interest Amount for that date; and (ii) the MRT Subsequently Due and Payable Interest Amount for that date.

### ***MRT Principal Amounts***

On each Originator Trust Distribution Date, the Originator Trustee shall distribute to the LLP an amount (as calculated on the immediately preceding Calculation Date and in respect of the immediately preceding Calculation Period) equal to the aggregate Mortgage Reserve Principal Repayment Amounts received in respect of the Reference Mortgage Reserve Portfolio during such immediately preceding Calculation Period (such amount, the "**MRT Principal Amount**").

To the extent that, following, *inter alia*, the enforcement of the Related Security granted by a Borrower in respect of a Mortgage Loan in the Mortgage Loan Portfolio and the associated Reference Mortgage Reserve, the Originator Trustee fails to recover the full amount outstanding on a Mortgage Reserve Account Balance on the relevant Reference Mortgage Reserve, the shortfall shall constitute a Mortgage Reserve Loss and the Mortgage Reserve Account Balance shall be deemed to have been written down by an amount equal to such Mortgage Reserve Loss with the MRT Trust Value also deemed to have been reduced accordingly, which shall constitute a "**Mortgage Reserve Principal Loss Reduction**" in respect of such Reference Mortgage Reserve.

Any payments from the enforcement of any Related Security will be applied first to reduce any Mortgage Reserve Account Balance on a Reference Mortgage Reserve and thereafter applied in reducing the Current Balance (and any Accrued Interest thereon) on the associated Mortgage Loan in the Mortgage Loan Portfolio.

### ***Surrender of LLP's beneficial interest in Reference Mortgage Reserves***

Pursuant to the terms of the Mortgage Reserve Originator Trust Deed, the LLP may at any time direct the Originator Trustee (by notice in writing executed by the LLP or by its duly authorised representative or agent) to accept surrenders by the LLP of its interests in a particular Reference Mortgage Reserve the subject of the Mortgage Reserve Originator Trust to the Seller on terms that such direction shall take effect if and when all the following conditions shall have been satisfied, namely that:

- (i) Barclays, in its capacity as Seller, at or about such time makes a cash payment to the Mortgage Reserve Originator Trust in an amount equal to the Mortgage Reserve Account Balance in respect of such Reference Mortgage Reserve as at the end of the immediately preceding Calculation Period; and
- (ii) the Originator Trustee at or about such time makes an MRT Distribution from the MRT Trust Property in an amount equal to the Mortgage Reserve Account Balance of such Reference Mortgage Reserve as at the end of the immediately preceding Calculation Period to the LLP in consideration of the surrender by the LLP, in its capacity as Mortgage Reserve Originator Trust Beneficiary of its interest in such Reference Mortgage Reserve; and
- (iii) following receipt by the LLP of such MRT Distribution, the relevant Reference Mortgage Reserve ceases, in accordance with the terms of the Mortgage Reserve Originator Trust Deed and the Transaction Documents, to be a Reference Mortgage Reserve and is classified as a Non-Reference Mortgage Reserve.

For so long as BBUKPLC is the Seller and the Originator Trustee, the conditions listed at paragraphs (i), (ii) and (iii) above shall be satisfied when the Seller makes a cash payment in an amount equal to the Mortgage Reserve Account Balance in respect of such Reference Mortgage Reserve as at the end of the immediately preceding Calculation Period to the LLP directly and provided further that unless the LLP directs otherwise, any such amount payable to it from the Seller in such circumstances may be set off against any amount owed by the LLP to the Seller (in its capacity as a Member of the LLP) pursuant to the terms of the LLP Deed.

### ***Sale of Selected Mortgage Accounts***

In connection with any sale of Selected Mortgage Accounts and their Related Security pursuant to the terms of the Mortgage Sale Agreement or the LLP Deed, pursuant to the terms of the Mortgage Reserve Originator Trust Deed, the LLP has directed the Originator Trustee in the first instance to accept surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves to the Seller. In the event of the failure of the Originator Trustee to effect the surrender of the LLP's interests in any related Reference Mortgage Reserve to the Seller, owing to, without limitation, the inability of the

Originator Trustee to procure or to have available (in its own personal capacity) the funds to make the resulting MRT Distribution to the LLP, pursuant to the Mortgage Reserve Originator Trust Deed, the LLP has instructed the Originator Trustee to undertake and complete the sale of the related Reference Mortgage Reserves to Purchasers in the manner described under "*LLP Deed – Method of Sale of Selected Mortgage Accounts and their Related Security*" below and the Originator Trustee has agreed to use reasonable endeavours to undertake and complete such sale of the related Reference Mortgage Reserves in accordance with such procedure.

#### ***Removal of Reference Mortgage Reserves from the Reference Mortgage Reserve Portfolio***

Pursuant to the terms of the Mortgage Sale Agreement, the Seller will from time to time be required to repurchase Mortgage Loans and their Related Security from the LLP – see "*Summary of the Principal Documents – Mortgage Sale Agreement – Repurchase of Mortgage Loans*" above. Following any such repurchase, the Originator Trustee will be required to make a corresponding MRT Distribution to the LLP and, following receipt of such MRT Distribution, the LLP shall direct the Originator Trustee to accept surrender by it of its interests in the related Reference Mortgage Reserve in accordance with the procedure described under "*Surrender of LLP's beneficial interest in Reference Mortgage Reserves*" above and, for the avoidance of the doubt, such related Reference Mortgage Reserve shall only become a Non-Reference Mortgage Reserve upon receipt by the LLP of the related MRT Distribution.

#### ***No retirement of BBUKPLC as Mortgage Reserve Originator Trustee***

Pursuant to the terms of the Mortgage Reserve Originator Trust Deed, BBUKPLC shall not be entitled to, and shall not purport to, retire as the Originator Trustee of the Mortgage Reserve Originator Trust or appoint any additional trustee of the Mortgage Reserve Originator Trust and shall have no power to retire or appoint any additional trustee.

#### ***Scottish Mortgage Reserves***

Pursuant to the terms of the Mortgage Reserve Originator Trust Deed and a Scottish Declaration of Trust entered into on the MRT Establishment Date, Barclays Bank PLC (and, following the RFTS Effective Date, Barclays Bank UK PLC) agreed to hold the Scottish Mortgage Reserves in the Initial Reference Mortgage Reserve Portfolio and its whole rights, title, benefit and interest, present and future, therein and thereto in trust absolutely for the Mortgage Reserve Originator Trust Beneficiary.

In the case of any portfolio of Mortgage Reserves associated with any New Scottish Mortgage Loan Portfolio sold and assigned to the LLP following the MRT Establishment Date pursuant to the terms of the Mortgage Sale Agreement (each, a "**Scottish Additional Reference Mortgage Reserve Portfolio**"), Barclays Bank PLC (prior to the RFTS Effective Date) entered into and BBUKPLC (following the RFTS Effective Date) shall enter into an Additional Scottish Declaration of Trust whereby it shall hold such Scottish Additional Reference Mortgage Reserve Portfolio and its whole rights, title, benefit and interest, present and future, therein and thereto in trust absolutely for the Mortgage Reserve Originator Trust Beneficiary with effect from the date of such Additional Scottish Declaration of Trust.

#### **Termination of the Mortgage Reserve Originator Trust**

Prior to the payment by the LLP of all amounts in respect of any MRT Contributions with reference to the Mortgage Reserve Originator Trust, under any of the Transaction Documents to which it is a party, neither the Originator Trustee nor the LLP shall at any time be entitled acting individually to terminate or purport to terminate the Mortgage Reserve Originator Trust.

#### ***Governing law***

The Mortgage Reserve Originator Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by English law. Any terms of the Mortgage Reserve Originator Trust Deed which are particular to the laws of Scotland shall be construed in accordance with Scots law.

#### **LLP Deed of Covenant**

Pursuant to the terms of the LLP Deed of Covenant entered into between, *inter alios*, the LLP, the Bond Trustee and the Security Trustee, the LLP in its capacity as the Mortgage Reserve Originator Trust Beneficiary has covenanted that it will at no time seek the dissolution or termination of the Mortgage

Reserve Originator Trust or call for the transfer to it or the vesting in it of the legal estate in or full ownership of all or any part of the MRT Trust Property and shall not at any time be entitled to remove or purport to remove or replace BBUKPLC as the Originator Trustee of the Mortgage Reserve Originator Trust.

The LLP Deed of Covenant and any non-contractual obligations arising out of or in connection with it are governed by English law.

### **Administration Agreement**

Pursuant to the terms of the Administration Agreement entered into on the Programme Date between the LLP, the Originator Trustee, Barclays Bank PLC (in its then capacity as Administrator) and the Security Trustee, the Administrator agrees to service on behalf of the LLP (in the case of the Mortgage Loans) and the Originator Trustee (in the case of the Reference Mortgage Reserves) the Mortgage Accounts and their Related Security to be sold by the Seller to the LLP. The Administration Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC (including Administrator).

In particular, pursuant to the terms of the Administration Agreement, the Administrator agrees with the LLP and the Originator Trustee:

- (a) on behalf of the LLP, to perform certain administrative functions in respect of the Mortgage Loans in the Mortgage Loan Portfolio, including collecting payments under the Mortgage Loans and taking steps to recover arrears; and
- (b) on behalf of the Originator Trustee, to perform certain administrative functions in respect of the Reference Mortgage Reserves, including collecting payments from Borrowers and taking steps to recover arrears.

The Administrator will continue to administer Mortgage Accounts which are not subject to the Programme. The Administrator agrees to administer the Mortgage Accounts the subject of the transaction in the same manner as it administers Mortgage Accounts which are not subject to the Programme but remain on the books of the Seller.

The Administrator agrees to comply with any reasonable directions, orders and instructions which any of the LLP or the Originator Trustee may from time to time give to it in accordance with the provisions of the Administration Agreement (and, in the event of any conflict, those of the LLP shall prevail).

The Administrator agrees to administer and service the Mortgage Accounts and their Related Security in accordance with:

- (a) in respect of the Mortgage Accounts, the Mortgage Conditions and the Mortgages from time to time in force;
- (b) the Administrator's administration procedures (the Administrator's "**Administration Procedures**" are the administration, arrears and enforcement policies and procedures from time to time pursuant to which the Administrator administers and enforces Mortgage Accounts and their Related Security); and
- (c) the terms and provisions of the Administration Agreement.

### ***Undertakings of the Administrator***

Pursuant to the terms of the Administration Agreement, the Administrator undertakes in relation to those Mortgage Accounts and their Related Security that it is servicing, *inter alia*, to:

- (a) keep records and accounts on behalf of the LLP and the Originator Trustee in relation to the Mortgage Accounts;

- (b) keep the Loan Files and Title Deeds in its possession or under its control in safe custody and maintain records necessary to enforce each Mortgage and to provide the LLP and the Security Trustee with access to the Title Deeds and other records relating to the administration of the Mortgage Accounts and their Related Security;
- (c) maintain a register in respect of the Portfolio;
- (d) make available to the LLP and the Security Trustee and the Originator Trustee a report on a monthly basis containing information about the Mortgage Accounts and their Related Security comprised in the Portfolio;
- (e) assist the Cash Manager in the preparation of the Monthly Asset Coverage Report in accordance with the Cash Management Agreement;
- (f) take all reasonable steps to recover all sums due to the LLP, including instituting proceedings and enforcing any relevant Mortgage Account or Mortgage Loan using the discretion of a Prudent Mortgage Lender in applying the enforcement procedures forming part of the Seller's policy;
- (g) enforce any Mortgage Account which is in default in accordance with the Seller's enforcement procedures or, to the extent that such enforcement procedures are not applicable having regard to the nature of the default in question, with the usual procedures undertaken by a Prudent Mortgage Lender on behalf of the LLP (in the case of the Mortgage Loans) and the Originator Trustee (in the case of the Reference Mortgage Reserves);
- (h) provide to the FCA such information about the Mortgage Loans and their Related Security contained in the Mortgage Loan Portfolio and/ or any other information as the FCA may require in accordance with the RCB Regulations; and
- (i) make all reasonable efforts to appoint a replacement administrator within 60 days of the Administrator no longer holding ratings of at least BBB- by S&P, Baa3 by Moody's or BBB- by Fitch, respectively.

***Setting of Barclays Standard Variable Rate and other discretionary rates and margins***

Pursuant to the Administration Agreement, the Administrator has been granted the full right, liberty and authority to determine and set the interest rates applicable to the Mortgage Loans which have been sold to the LLP and/or as applicable the Reference Mortgage Reserves, except in the limited circumstances set out in the Administration Agreement when the LLP and/or the Security Trustee will be entitled to do so or where the interest rate on a Mortgage Loan tracks independent reference rates (such as the Bank of England base rate). The Administrator may not at any time, without the prior written consent of the LLP and/or the Security Trustee, set or maintain the standard variable rate or the base rate (plus any applicable margin above such base rate) for Mortgage Accounts which form part of the Portfolio at a rate which is higher than the then prevailing Barclays Standard Variable Rate (plus any applicable margin above such base rate).

Any of the LLP and/or the Security Trustee may terminate the authority of the Administrator to set the standard variable rate and other discretionary rates applicable to Mortgage Loans included in the Portfolio in certain limited circumstances set out in the Administration Agreement including upon the occurrence of any Administrator Termination Event (as described below).

***Arrears, Collections and Recoveries***

Processes to support customers in financial difficulty have been in existence in the Administrator's business for many years. The administrator's customer home assistance team manages the portfolio of customers that do not maintain their contractual monthly payments, and also those customers who have self-identified themselves as being in financial difficulties and is dedicated to provide support to these customers.

The Administrator has a proactive 'pre-arrears' identification strategy that runs parallel with its collections and recoveries operations, and this is based upon an assessment of credit bureau data, BBUKPLC account data such as MCA reserve limit usage and performance of other BBUKPLC products (including historic Barclays Bank PLC data). This strategy identifies customers that are in or are at risk of entering financial

difficulties based upon their credit bureau information. These customers are sent a letter encouraging them to make contact with the Administrator's partnered charity (which at the date of this base prospectus is Stepchange Debt Charity) to discuss their wider financial position, or advises any customer struggling to make their contractual monthly mortgage payments to make contact with the customer home assistance team to discuss their financial situation and to understand what kind of support is available. This letter also provides contact details for other recognised debt charities.

#### ***Arrears practice in respect of the Mortgage Loans***

In accordance with standard market practice in the UK mortgage loan servicing business, the Administrator identifies a Mortgage Loan as being "in arrears" when, on any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full Monthly Payments. In making an arrears determination, the Administrator calculates as of the date of determination the difference between (a) the sum of all Monthly Payments that were due and payable by a borrower on any due date up to that date of determination; and (b) the sum of all payments actually made by that borrower up to that date of determination. The Administrator will determine that a Mortgage Loan is in arrears if the result arrived at by dividing that difference (if any) by the amount of the required Monthly Payment equals or exceeds 1. A Mortgage Loan will continue to be in arrears for each calendar month in which the result of the foregoing arrears calculation equals or exceeds 1, which result means that the Borrower has missed payments that in the aggregate equal or exceed one Monthly Payment, and subsequent payments by that Borrower (if any) have not reduced the amount of missed payments to less than one Monthly Payment. As the Administrator determines its arrears classification based upon the number of full Monthly Payments that have been missed by a Borrower, a Borrower that has missed payments that in the aggregate equal or exceed 1 Monthly Payment (but for which the aggregate of missed payments is less than 2 Monthly Payments) would be classified by the Administrator as being between 1 months in arrears, and so on. A Mortgage Loan may still be classified as being in arrears notwithstanding the reduction of the aggregate of missed payments to below 1.

Accounts in arrears are reviewed monthly with numerous milestones throughout the process, and depending on their risk characteristics, may be subject to different collections strategies. Throughout the process, all customers are encouraged by the Administrator (both in writing and verbally) to seek free independent financial advice for their situation and to seek information about potential options available to them.

#### ***Full or Partial Settlement of Arrears***

Following assessment by the Administrator of the customer's circumstances, if the customer is able to clear the arrears in full, they are able to do so using payments via debit card, bank transfer, cash, cheque, standing order or direct debit. If it is not possible for the customer to clear the arrears in full, the maximum affordable amount will be collected using one of the methods specified above (with the exception of a credit card, which can only be used to clear the arrears in full) and an arrangement to clear the remainder of the arrears agreed between the Administrator and borrower. If it is not possible for the customer to either settle arrears in full or make a partial settlement payment, an arrangement to clear the arrears shortfall can be agreed. The duration of any arrangement cannot exceed the current mortgage term, unless a parallel term extension is also agreed.

#### ***Arrears practice in respect of the Mortgage Reserves***

In accordance with standard market practice in the UK banking sector, the Administrator identifies a Mortgage Reserve as being "in arrears" when the Mortgage Reserve Account Balance is at any time £50 greater than the then Mortgage Reserve Credit Limit for such Mortgage Reserve. Where the mortgage reserve excess cannot be cleared via the channels described above, the Mortgage Current Account (MCA) reserve facility must be capped at the utilised level plus any pending transactions or maximum limit (whichever is higher). The rebalancing functionality of the MCA is also switched off; under advice to the customer and on-line with account's terms and conditions. Whilst assessing customer circumstances, the Administrator reminds customers of their responsibilities, including their obligations to (a) repay the full utilised reserve balance at maturity and (b) service monthly debit interest where applicable.

#### ***Forbearance Options***

Where it is evident that the customer is not in a position to clear any arrears and/or is not able to afford to make contractual monthly payments following the completion of a detailed income and expenditure breakdown, the Administrator must consider if any of the following forbearance options are appropriate;

**Interest Rate Reduction:** available for existing variable rate mortgages, where the interest rate is reduced where possible to lower the customer's contractual monthly payment.

**Concession:** where an agreement is set up for a defined period of time to allow the customer to make payments of less than the value of the contractual monthly payment.

**Term Extension:** where the term of the mortgage is extended to reduce the contractual monthly payment (for customers in long term difficulty).

**Voluntary House Sale:** this is not a forbearance option, but may occur where the customer opts to sell their property to alleviate their financial difficulty and may make use of a reduced payment tool to facilitate the sale. As part of this process, confirmation needs to be received by the Administrator that the customer has alternate accommodation arrangements in place.

### ***Arrears capitalisation***

From time to time and only in rare cases after the suitability of other forbearance arrangements have been fully reviewed and discounted due to individual customer circumstances, the Administrator, in accordance with the Administration Procedures, may capitalise any outstanding amounts in arrears of a Borrower. Capitalisation can be considered in the following cases, where (a) the customer can afford to make the contractual monthly payments, (b) the customer is not currently in an arrangement to clear the arrears, (c) the customer must have already proven their ability and willingness to maintain the repayments required after capitalisation, and (d) the customer is less than 180 days past due. In those circumstances, the relevant Mortgage Loan will no longer be considered to be in arrears, with the then outstanding balance on the Mortgage Loan being required to be repaid by the Borrower over the remaining term of such Mortgage Loan (however, such Mortgage Loan would remain categorised as high risk, and be subject to increased impairment rates, for a period of twelve months). Capitalisation may not be offered to customers more than once in a five year period.

### ***Litigation and Repossession***

Where it has not been possible to reach an acceptable arrangement with a customer for the clearance of their arrears shortfall and all options have been exhausted, then the Administrator's position must be protected through instructing solicitors to seek an order for possession of the mortgaged property. Prior to a referral to solicitors, a customer must have been sent all the information as required by current regulations and in accordance with the relevant mortgage terms and conditions. Only solicitors from an approved panel may be instructed to act for the Administrator, and before taking any legal action, solicitors will undertake a review of the case in question to ensure that legal action is considered appropriate and effective.

### ***Administrator's discretion in exceptional circumstances***

On a case by case basis, and within approved parameters detailed in the Administrator's financial difficulties policy and standards, the administrator may determine that, based upon compensating factors, the normal processes to deal with customers in arrears should not be applied to certain borrowers. The administrator may take into account compensating factors including, but not limited to, the ill health of one or more of the occupants, elderly residents, and sudden change in borrower's personal circumstances, e.g. accident, bereavement or separation from partner. In these exceptional circumstances, the account is referred to the customer review panel; a forum in which there is senior representation from all key areas across the mortgage business (including, but not limited to, Legal, Credit Risk, Compliance, Product and Operations). The customer review panel review all cases based upon their individual and prevailing factors to assess and agree upon the most appropriate course of action.



### ***Determinations by the Administrator***

The Administrator shall determine on each Calculation Date, having regard to:

- (a) the income which the LLP would expect to receive during the next succeeding LLP Payment Period (the relevant "**LLP Payment Period**");
- (b) the Barclays Standard Variable Rate and any other discretionary rate or margin in respect of the Mortgage Accounts which the Administrator proposes to set under the Administration Agreement for the relevant LLP Payment Period; and
- (c) the other resources available to the LLP including the relevant Swap Agreements and the Reserve Fund,

whether the LLP would receive an amount of income during the relevant LLP Payment Period which, when aggregated with the funds otherwise available to it, is less than the amount which is the aggregate of (1) the amount of interest which would be payable (or provisioned to be paid) under the Intercompany Loan Agreement or, if a Notice to Pay has been served, the Covered Bond Guarantee on each LLP Payment Date falling at the end of the relevant LLP Payment Period and relevant amounts payable (or provisioned to be paid) to the Swap Providers under the Swap Agreements in respect of all Covered Bonds on each LLP Payment Date of each Series of Covered Bonds falling at the end of the relevant LLP Payment Period and (2) the other senior expenses payable by the LLP ranking in priority thereto in accordance with the relevant Priority of Payments applicable prior to an LLP Event of Default (the "**Interest Rate Shortfall Test**" and any such shortfall, the "**Interest Rate Shortfall**").

If the Administrator determines that there will be an Interest Rate Shortfall, it will give written notice to the LLP and the Security Trustee, within five Business Days, of the amount of such Interest Rate Shortfall. If the LLP or the Security Trustee notifies the Administrator and the Seller that, having regard to the obligations of the LLP and the amount of the Interest Rate Shortfall, further Mortgage Loans and their Related Security should be sold by the Seller to the LLP pursuant to the Mortgage Sale Agreement and a corresponding Additional MRT Contribution should be granted by the LLP in accordance with the terms of the Mortgage Reserve Originator Trust Deed and the LLP Deed, the Seller will use all reasonable efforts to offer to sell New Mortgage Loans and their Related Security to the LLP on or before the next Calculation Date which have a Barclays Standard Variable Rate and/or other discretionary rates or margins sufficient to avoid such Interest Rate Shortfall on future Calculation Dates and the LLP will grant an Additional MRT Contribution on or before the next LLP Payment Date, in accordance with the Mortgage Reserve Originator Trust Deed and the LLP Deed.

In addition, the Administrator shall determine on each Calculation Date following an Issuer Event of Default, having regard to the aggregate of:

- (a) the Barclays Standard Variable Rate and any other discretionary rate or margin, in respect of the Mortgage Accounts which the Administrator proposes to set under the Administration Agreement for the relevant LLP Payment Period; and
- (b) the other resources available to the LLP including under the Swap Agreements, whether the LLP would receive an aggregate amount of interest on the Mortgage Loans, MRT Interest Amounts in respect of the Reference Mortgage Reserves and amounts under the Swap Agreements during the relevant LLP Payment Period which would give a weighted average yield on the Mortgage Accounts of at least LIBOR plus 0.50 per cent. (the "**Yield Shortfall Test**").

If the Administrator determines that the Yield Shortfall Test will not be met, it will give written notice to the LLP and the Security Trustee, within one Business Day, of the amount of the shortfall and the Barclays Standard Variable Rate and the other discretionary rates or margins which would, in the Administrator's opinion, need to be set in order for no shortfall to arise, and the Yield Shortfall Test to be met, having regard to the date(s) on which the change to the Barclays Standard Variable Rate and the other discretionary rates or margins would take effect and at all times acting in accordance with the standards of a Prudent Mortgage Lender. If the LLP or the Security Trustee notifies the Administrator that, having regard to the obligations of the LLP, the Barclays Standard Variable Rate and/or the other discretionary rates or margins should be increased, the Administrator or replacement Administrator, as the case may be, will take all steps which are necessary to increase the Barclays Standard Variable Rate

and/or any other discretionary rates or margins including publishing any notice which is required in accordance with the Mortgage Conditions.

The LLP and the Security Trustee (in connection with the Mortgage Loans) and the Originator Trustee (in connection with the Reference Mortgage Reserves) may terminate the authority of the Administrator to determine and set the Barclays Standard Variable Rate and any other variable rates or margins on the occurrence of an Administrator Event of Default as defined under "*Removal or resignation of the Administrator*" below, in which case the LLP shall agree to set the interest rates in respect of the Mortgage Loans and the Originator Trustee to set the interest rates in respect of the Reference Mortgage Reserves from such date in accordance with the terms of the Administration Agreement.

### ***Compensation***

As full compensation for its servicing duties and activities and as reimbursement for any expense incurred by it in connection therewith, the Administrator or any replacement administrator which is a member of the BBUKPLC Group is entitled to receive the fee from the LLP as set out in the Administration Agreement. If, however, an Administrator is appointed from outside the BBUKPLC Group, the level of this fee may be amended.

### ***Removal or resignation of the Administrator***

The LLP (with the consent of the Security Trustee) may, upon written notice to the Administrator, terminate the Administrator's rights and obligations immediately if any of the following events (each an "**Administrator Termination Event**" and, each of the events set out at paragraphs (a), (b), (c), (d) and (e) below, an "**Administrator Event of Default**") occurs:

- (a) the Administrator ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by S&P of at least BBB-, or by Moody's of at least Baa3 or by Fitch of at least BBB-;
- (b) the Administrator fails to pay any amount due and payable by it to the LLP under the Administration Agreement and such failure is not remedied for a period of five Business Days after becoming aware of the default;
- (c) subject as provided further in the Transaction Documents, the Administrator fails to comply with any of its other obligations under the Administration Agreement which failure, in the opinion of the Security Trustee, is materially prejudicial to holders of the Covered Bonds and the Administrator does not remedy that failure within 20 days after becoming aware of the failure;
- (d) if, at any time, required under any UK mortgage regulatory regime the Administrator fails to obtain the necessary licence or regulatory approval enabling it to continue administering Mortgage Accounts;
- (e) an Insolvency Event occurs in relation to the Administrator; or
- (f) the LLP resolves that the appointment of the Administrator should be terminated.

Subject to the fulfilment of a number of conditions, including, without limitation, that a replacement administrator has been appointed, the Administrator may voluntarily resign by giving not less than 12 months' notice to the Security Trustee and the LLP, **provided that** a replacement administrator with a management team with experience of administering Mortgage Loans secured on residential mortgaged properties in England, Wales, Northern Ireland and Scotland has been appointed and enters into an Administration Agreement with the LLP substantially on the same terms as the Administration Agreement. In addition, the resignation of the Administrator is conditional on the resignation having no adverse effect on the then current ratings of the Covered Bonds unless the holders of the Covered Bonds agree otherwise by Extraordinary Resolution. The Administrator shall also inform the Rating Agencies in writing of the identity of such replacement administrator.

If the appointment of the Administrator is terminated, the Administrator must deliver the Title Deeds and Loan Files relating to the Mortgage Accounts administered by it to, or at the direction of, the LLP. The Administration Agreement will terminate at such time as the LLP has no further interest in any of the

Mortgage Loans or their Related Security sold to the LLP and serviced under the Administration Agreement that have been comprised in the Mortgage Loan Portfolio.

The Administrator may sub-contract or delegate the performance of its duties under the Administration Agreement **provided that** it meets conditions as set out in the Administration Agreement.

Neither the Bond Trustee nor the Security Trustee is obliged to act as the Administrator in any circumstances.

The Administration Agreement is governed by English law and has been entered into by way of deed.

### **Asset Monitor Agreement**

Under the terms of the Asset Monitor Agreement entered into on the Programme Date between the Asset Monitor, the LLP, the Cash Manager and the Security Trustee, the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Cash Manager to the Asset Monitor, to report on the arithmetic accuracy of the calculations performed by the Cash Manager on the Calculation Date immediately prior to each anniversary of the First Issue Date with a view to confirmation of compliance by the LLP with the Asset Coverage Test or the Amortisation Test, as applicable, on that Calculation Date. The Asset Monitor Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC.

If the long-term ratings of the Cash Manager or the Issuer fall below BBB- by S&P, Baa3 by Moody's or BBB- by Fitch, the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, be required to report on such arithmetic accuracy following each Calculation Date and, following a determination by the Asset Monitor of any errors in the calculations performed by the Cash Manager such that the Asset Coverage Test has been failed on the applicable Calculation Date (where the Cash Manager had recorded it as being satisfied) or the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount is mis-stated by an amount exceeding one per cent. of the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount, as applicable, (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test), the Asset Monitor will be required to conduct such tests following each Calculation Date for a period of six months thereafter.

The Asset Monitor is entitled, in the absence of manifest error, to assume that all information provided to it by the Cash Manager for the purpose of reporting on the arithmetic accuracy is true and correct and not misleading, and is not required to report as such or otherwise take steps to verify the accuracy of any such information. The Asset Monitor Report will be delivered to the Cash Manager, the LLP, the Issuer and the Security Trustee.

The LLP will pay to the Asset Monitor a fee of up to £8,000 per report (exclusive of VAT) (such amount to increase in line with inflation) for the reports to be performed by the Asset Monitor.

The LLP may, at any time, only with the prior written consent of the Security Trustee, terminate the appointment of the Asset Monitor by giving at least 60 days' prior written notice to the Asset Monitor, and the Asset Monitor may, at any time, resign by giving at least 60 days' prior written notice to the LLP and the Security Trustee.

Upon giving notice of resignation, the LLP shall immediately use its best endeavours to appoint a replacement (such replacement to be approved by the Security Trustee who shall give such approval if the replacement is an accountancy firm of national standing who agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Agreement). If a replacement is not appointed by the date which is 30 days prior to the date when tests are to be carried out in accordance with the terms of the Asset Monitor Agreement, then the LLP shall use all reasonable endeavours to appoint an accountancy firm of national standing to carry out the relevant tests on a one-off basis, **provided that** such appointment is approved by the Security Trustee.

Neither the Bond Trustee nor the Security Trustee will be obliged to act as Asset Monitor in any circumstances.

The Asset Monitor Agreement is governed by English law.

## **Asset Pool Monitor Agreement**

Under the terms of the Asset Pool Monitor Agreement entered into on 31 October 2013 between the Asset Pool Monitor, the LLP, the Cash Manager, the Issuer and the Security Trustee, the Asset Pool Monitor has agreed to be appointed as asset pool monitor in accordance with the RCB Regulations and undertakes, in its capacity as asset pool monitor, to comply with the RCB Regulations, the RCB Sourcebook and any guidance issued from time to time by the FCA in relation thereto. The Asset Pool Monitor Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC.

The LLP will pay to the Asset Pool Monitor a fee as separately documented and agreed.

The LLP may, at any time, only with the prior written consent of the Security Trustee, terminate the appointment of the Asset Pool Monitor by giving at least 60 days' prior written notice to the Asset Pool Monitor, and the Asset Pool Monitor may, at any time, resign by giving at least 60 days' prior written notice to the LLP and the Security Trustee (or, in each case, such shorter period as agreed between the parties).

Upon giving notice of resignation, the LLP shall immediately use its best endeavours to appoint a replacement (such replacement to be approved by the Security Trustee who shall give such approval if the replacement is an accountancy firm of national standing who agrees to perform the duties (or substantially similar duties) of the Asset Pool Monitor set out in the Asset Pool Monitor Agreement). If a replacement is not appointed by the date which is 30 days prior to the date when tests are to be carried out in accordance with the terms of the Asset Pool Monitor Agreement, then the LLP shall use all reasonable endeavours to appoint an accountancy firm of national standing to carry out the relevant tests on a one-off basis, **provided that** such appointment is approved by the Security Trustee.

Neither the Bond Trustee nor the Security Trustee will be obliged to act as Asset Pool Monitor in any circumstances.

The Asset Pool Monitor Agreement is governed by English law.

## **LLP Deed**

The Members of the LLP agree to operate the business of the LLP in accordance with the terms of a limited liability partnership deed entered into on the Programme Date, as amended and/or supplemented and/or restated from time to time, between the LLP, BBUKPLC (in its capacity as a Member), the Liquidation Member, the Bond Trustee and the Security Trustee (the "**LLP Deed**"). The LLP Deed was supplemented on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC (including Member).

## **Members**

As at the Programme Date, each of Barclays Bank PLC and the Liquidation Member became a member (each a "**Member**", and together with any other members from time to time, the "**Members**") of the LLP. On and from the RFTS Effective Date Barclays Bank UK PLC replaced Barclays Bank PLC as a Member such that Barclays Bank UK PLC and the Liquidation Member are designated members (each a "**Designated Member**", and together with any other designated members from time to time, the "**Designated Members**") of the LLP. The Designated Members have such duties as are specified in the LLPA 2000 or otherwise at law and in the LLP Deed. The LLP Deed requires that there will at all times be at least two Designated Members of the LLP.

For so long as Covered Bonds are outstanding, if an administrator or a liquidator is appointed to Barclays, the Liquidation Member may, by written notice to the LLP, appoint another Member as a Designated Member or may, at its sole discretion (acting on behalf of itself and the other Members), admit a New Member to the LLP (in each case, with the prior written consent of the Security Trustee).

No New Member may otherwise be appointed without the consent of the Security Trustee and the receipt by the Issuer or the Security Trustee of a Rating Agency Confirmation.

### ***Capital Contributions***

From time to time Barclays Bank UK PLC (in its capacity as a Member) will make Capital Contributions to the LLP. Capital Contributions may be made in cash or in kind (for example, through a contribution of Mortgage Loans to the LLP). The Capital Contribution Balance of Barclays Bank UK PLC shall be calculated in Sterling on each Calculation Date as the difference between (a) the aggregate outstanding principal balance of the Mortgage Loan Portfolio and the then current MRT Trust Value, each as at the last day of the preceding Calculation Period, plus Principal Receipts standing to the credit of the GIC Account (but excluding any amounts to be applied in accordance with the Transaction Documents, including any Capital Distributions to be made on the immediately following LLP Payment Date) plus the principal amount of Substitution Assets and Authorised Investments as at the last day of the preceding Calculation Period and (b) the Sterling Equivalent of the aggregate Principal Amount Outstanding under the Covered Bonds as at the last day of the preceding Calculation Period.

The Liquidation Member will not make any Capital Contributions to the LLP.

Capital Contributions or returns on Capital Contributions shall only be paid to Members after the LLP has paid or, as applicable, provided for all higher ranking amounts in the relevant Priority of Payments.

### ***Asset Coverage Test***

Under the terms of the LLP Deed, the LLP and the Members (other than the Liquidation Member) must ensure that on each Calculation Date prior to the service of a Notice to Pay on the LLP, the Adjusted Aggregate Asset Amount is in an amount at least equal to the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

If on any Calculation Date, the Adjusted Aggregate Asset Amount is less than the aggregate Sterling Equivalent Principal Amount Outstanding of all Covered Bonds as calculated on the relevant Calculation Date, then the LLP (or the Cash Manager on its behalf) will notify the Members, the Bond Trustee and the Security Trustee thereof and the Members (other than the Liquidation Member) will use all reasonable endeavours to sell sufficient further Mortgage Loans and their Related Security to the LLP in accordance with the Mortgage Sale Agreement (see "*Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*") or provide Cash Capital Contributions to ensure that the Asset Coverage Test is met on or before the immediately following Calculation Date. If the breach of the Asset Coverage Test is not cured on or before the immediately following Calculation Date and if the Asset Coverage Test is breached again on such immediately following Calculation Date, then an Issuer Event of Default shall occur.

For the purposes hereof, the "**Adjusted Aggregate Asset Amount**" will be calculated on each Calculation Date as follows:

$$(A + B + C + D + E) - (X + Y)$$

where, A = the lower of paragraphs (a) and (b) below, where:

- (a) equals the sum over all Mortgage Accounts in the Portfolio of the lower of:
  - (i) the outstanding Mortgage Account Balance of the relevant Mortgage Account as at the Determination Date preceding the relevant Calculation Date; and
  - (ii) the Indexed Valuation multiplied by M for that Mortgage Account (where:
    - (A) for all Mortgage Accounts in the Portfolio that are not then Defaulted Mortgage Accounts, M = 0.75;
    - (B) for all Mortgage Accounts in the Portfolio that are then Defaulted Mortgage Accounts and that have an outstanding principal balance to Indexed Valuation ratio of less than or equal to 75 per cent., M = 0.4; and

- (C) for all Mortgage Accounts in the Portfolio that are then Defaulted Mortgage Accounts and that have an outstanding principal balance to Indexed Valuation ratio of greater than 75 per cent.,  $M = 0.25$ ),

save that, when calculating the Mortgage Account Balance, the Mortgage Account Balance will be deemed to be reduced by the following amounts in the following circumstances:

- (I) where a Mortgage Account or its Related Security was, in the immediately preceding Calculation Period, in breach of the Representations and Warranties contained in the Mortgage Sale Agreement and the Mortgage Reserve Originator Trust Deed or subject to any other obligation of the Seller to repurchase the relevant Mortgage Loan and its Related Security and for the Originator Trustee to make a corresponding MRT Distribution to the LLP in respect of the related Reference Mortgage Reserve, and, in each case, the Seller has not repurchased the Mortgage Loan or Mortgage Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement and/or the Originator Trustee has not made a corresponding MRT Distribution to the LLP in relation to the related Reference Mortgage Reserve pursuant to the Mortgage Reserve Originator Trust Deed; then the outstanding aggregate Mortgage Account Balance of the Mortgage Accounts in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the lower of sub-paragraphs (i) and (ii) above (as calculated on the relevant Calculation Date) for each Mortgage Account to which this paragraph (a) applies; and/or

- (II) where the Seller or the Originator Trustee, as applicable, in any preceding Calculation Period was in breach of any other material warranty under the Mortgage Sale Agreement or the Mortgage Reserve Originator Trust Deed and/or the Administrator was, in any preceding Calculation Period, in breach of a material term of the Administration Agreement, in this event, the outstanding aggregate Mortgage Account Balance of the Mortgage Accounts in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the LLP in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the LLP by the Seller to indemnify the LLP for such financial loss);

(b) equals the Asset Percentage (as defined below) multiplied by the Adjusted Mortgage Account Balance Amount, where "**Adjusted Mortgage Account Balance Amount**" equals the sum over all Mortgage Accounts in the Portfolio of the lower of:

- (i) the outstanding Mortgage Account Balance of the relevant Mortgage Account as at the Determination Date preceding the relevant Calculation Date; and
- (ii) the Indexed Valuation multiplied by  $M$  for that Mortgage Account as at the Determination Date preceding the relevant Calculation Date (where:
  - (A) for all Mortgage Accounts in the Portfolio that are not then Defaulted Mortgage Accounts,  $M = 1$ ;
  - (B) for all Mortgage Accounts in the Portfolio that are then Defaulted Mortgage Accounts and that have an outstanding principal balance to Indexed Valuation ratio of less than or equal to 75 per cent.,  $M = 0.4$ ; and
  - (C) for all Mortgage Accounts in the Portfolio that are then Defaulted Mortgage Accounts and that have an outstanding principal balance to Indexed Valuation ratio of greater than 75 per cent.,  $M = 0.25$ ),

save that, when calculating the Mortgage Account Balance, the Mortgage Account Balance will be deemed to be reduced by the following amounts in the following circumstances:

- (I) where a Mortgage Account or its Related Security was, in the immediately preceding Calculation Period, in breach of the Representations and Warranties contained in the Mortgage Sale Agreement or the Mortgage Reserve Originator Trust Deed or subject to any other obligation of the Seller to repurchase the relevant Mortgage Loan and its Related Security and/or the Originator Trustee to make a corresponding MRT Distribution to the LLP in relation to the related Reference Mortgage Reserves pursuant to the terms of the Mortgage Reserve Originator Trust Deed, and, in each case, the Seller has not repurchased the Mortgage Loan or Mortgage Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement and/or the Originator Trustee has not made a corresponding MRT Distribution the LLP in relation to the related Reference Mortgage Reserves pursuant to the terms of the Mortgage Reserve Originator Trust Deed; then the outstanding aggregate Mortgage Account Balance of the Mortgage Accounts in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the lower of sub-paragraphs (i) and (ii) above (as calculated on the relevant Calculation Date) for each Mortgage Account to which this paragraph (b) applies; and/or
- (II) where the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Administrator was, in any preceding Calculation Period, in breach of a material term of the Administration Agreement, and in this event, the outstanding aggregate Mortgage Account Balance of the Mortgage Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the LLP in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the LLP by the Seller to indemnify the LLP for such financial loss);

B = the aggregate amount of any Cash Capital Contributions made by the Members (as recorded in the Capital Account Ledger of the LLP in relation to each Member) or proceeds of Term Advances which have not been applied as at the relevant Calculation Date;

C = the aggregate outstanding principal balance of any Substitution Assets;

D = the amount of any Principal Receipts standing to the credit of the GIC Account as at the relevant Calculation Date but excluding any amounts due to be applied in accordance with the terms of the Transaction Documents (including any Capital Distributions to be made on the immediately following LLP Payment Date);

E = the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Liquidity Ledger as at the relevant Calculation Date;

X = zero, if the short-term unsecured debt obligations of the Issuer are rated at least A-2 by S&P and F1 by Fitch and the long-term unsecured debt obligations of the Issuer are rated at least A by Fitch and A3 by Moody's,

**provided that:**

(i) if the short-term unsecured debt obligations of the Issuer are not rated at least F1 by Fitch or if the long-term unsecured debt obligations of the Issuer are not rated at least A by Fitch, or at least A3 by Moody's, X shall be 2.6 per cent.; or

(ii) if the short-term unsecured debt obligations of the Issuer are not rated at least A-2 by S&P, X shall be 4.2 per cent.,

(save that if sub-paragraphs (i) and (ii) above are both true at the same time, X shall be 4.2 per cent.) of the aggregate outstanding principal balance of the Mortgage Accounts, calculated as of the Determination Date immediately preceding the relevant Calculation Date. The percentages set out in sub-paragraphs (i) and (ii) above shall be reviewed by the Issuer from time to time (and at least on an annual basis) and may be altered by the Issuer subject to Rating Agency Confirmation in respect of such alteration being obtained from S&P, Fitch and Moody's at such time; however in the event that the Covered Bonds are not rated Aaa by Moody's such percentage may not be reduced below its then current value at such time;

Y = the weighted average remaining maturity of all Covered Bonds then outstanding calculated by the Cash Manager as at such date *multiplied by* the Sterling Equivalent of the then aggregate Principal Amount Outstanding of the Covered Bonds *multiplied by* the then Negative Carry Factor where the "**Negative Carry Factor**" is:

- (i) zero, for so long as the TRS is in place and the Issuer has a long-term rating by Moody's of at least A3; or
- (ii) if the TRS is not in place or if the Issuer ceases to have a long-term rating of A3 by Moody's, then either: (a) 0.50 per cent. if the then weighted average margin of the interest rate then payable on the Covered Bonds is less or equal to 0.10 per cent. per annum; or (b) 0.50 per cent. plus that margin minus 0.10 per cent., if that margin is greater than 0.10 per cent. per annum (**provided that** if the weighted average remaining maturity is less than one, the weighted average shall be deemed, for the purposes of this calculation, to be one).

"**Asset Percentage**" means, save where a different percentage figure would not adversely affect the then current ratings of all outstanding Covered Bonds as confirmed in writing by the Rating Agencies, the lowest of:

- (a) 94 per cent.; or
- (b) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf) which, if an increase to the then current Asset Percentage:
  - (i) ensures that all outstanding Covered Bonds maintain the then current ratings assigned to them by Fitch and S&P; and
  - (ii) is not greater than the lowest of the Initial Moody's Asset Percentage (as defined below) for each Series of outstanding Covered Bonds, (regardless of the actual Moody's rating of such Series of Covered Bonds at the time).

"**Initial Moody's Asset Percentage**" means the notional asset percentage which would be necessary to ensure that such Series of outstanding Covered Bonds achieved the original rating assigned to such Series of Covered Bonds by Moody's on their relevant Issue Date using Moody's expected loss methodology as determined at such Issue Date.

#### ***Amortisation Test***

If there are Covered Bonds outstanding, the LLP and the Members (other than the Liquidation Member) must ensure that on each Calculation Date following service of a Notice to Pay on the LLP (but prior to the service of an LLP Acceleration Notice on the LLP and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security) the Amortisation Test Aggregate Asset Amount will be in an amount at least equal to the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

Following service of Notice to Pay on the LLP, if on any Calculation Date the Amortisation Test Aggregate Asset Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date, then the Amortisation Test will be deemed to be breached and an LLP Event of Default will occur. The LLP or the Cash Manager, as the case may be, will immediately notify the Members, the Security Trustee and (whilst Covered Bonds are outstanding) the Bond Trustee of any breach of the Amortisation Test and the Bond Trustee shall be entitled to serve an LLP Acceleration Notice in accordance with the Conditions.



The "**Amortisation Test Aggregate Asset Amount**" will be calculated on each Calculation Date following a Notice to Pay as follows:

$$A + B + C - Z$$

Where:

A = the aggregate "**Amortisation Test Outstanding Principal Balance**" of each Mortgage Loan, which shall be the product of:

(a) the lower of:

(i) the relevant outstanding Mortgage Loan Balance as calculated on the Determination Date immediately preceding the relevant Calculation Date; and

(ii) the then Indexed Valuation; and

(b) M, where:

(i) for all the Mortgage Accounts that are not Defaulted Mortgage Accounts, M = 1.0; or

(ii) for all the Mortgage Accounts that are Defaulted Mortgage Accounts, M = 0.7;

B = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Revenue Receipts received in the immediately preceding Calculation Period and any amounts due to be applied in accordance with the terms of the Transaction Documents);

C = the aggregate outstanding principal balance of any Substitution Assets not taken into account elsewhere in this calculation; and

Z = the weighted average remaining maturity of all Covered Bonds then outstanding calculated by the Cash Manager as at such date *multiplied by* the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds *multiplied by* the Negative Carry Factor.

***Sale of Selected Mortgage Accounts and their Related Security if the Pre-Maturity Test is breached***

The LLP Deed provides for the sale of Selected Mortgage Accounts and their Related Security in circumstances where the Pre-Maturity Test has been breached. The Pre-Maturity Test will be breached if the ratings of the Issuer fall below a specified level and a Series of Hard Bullet Covered Bonds is due for repayment within a specified period of time thereafter. Following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the LLP shall offer to sell Selected Mortgage Loans and their Related Security, subject to the rights of pre-emption enjoyed by the Seller to buy the Selected Mortgage Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement and subject to any Cash Capital Contribution made by the Members (other than the Liquidation Member). The proceeds from any such sale will be credited to the GIC Account and applied as set out in the Guarantee Priority of Payments. In connection with any such sale of Selected Mortgage Loans and their Related Security, the LLP shall direct the Originator Trustee to accept surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves to the Seller or, failing which, instruct the Originator Trustee to sell the related Reference Mortgage Reserves, following which surrender or, as applicable, sale, the Originator Trustee shall make a corresponding MRT Distribution to the LLP in accordance with the Mortgage Reserve Originator Trust Deed, whereupon the related Reference Mortgage Reserve will become a Non-Reference Mortgage Reserve. The MRT Distribution shall comprise: (i) a principal amount equal to the Mortgage Reserve Account Balance of the relevant Mortgage Reserve as of the Determination Date falling on or prior to the completion of the repurchase of the related Mortgage Loan (less an amount equal to any Aggregate Potential MRT Interest in respect of such Mortgage Reserve); plus (ii) an MRT Interest Amount equal to, *inter alia*, the then Aggregate Potential MRT Interest in respect of such Mortgage Reserve.

If the Issuer fails to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof, then the proceeds from any sale of Selected Mortgage Accounts (including, in relation to the surrender or,

as applicable, sale of the Reference Mortgage Reserves, any resulting MRT Distribution received by the LLP from the Originator Trustee) or the Cash Capital Contributions standing to the credit of the Pre-Maturity Liquidity Ledger will be applied to repay the relevant Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied as set out in "*Credit Structure*" below.

#### ***Sale of Selected Mortgage Accounts and their Related Security following service of a Notice to Pay***

After a Notice to Pay has been served on the LLP following the occurrence of an Issuer Event of Default, the LLP and the Originator Trustee will be obliged to sell Selected Mortgage Accounts and their Related Security in the Portfolio in accordance with the LLP Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller to (i) buy the Selected Mortgage Loans and their Related Security and (ii) make a cash payment to the Originator Trustee in consideration for the surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves, in each case, pursuant to the Mortgage Sale Agreement.

In the event of the failure of the Originator Trustee to effect the surrender of the LLP's interests in any related Reference Mortgage Reserve to the Seller, owing to, without limitation, the inability of the Originator Trustee to procure or to have available (in its own personal capacity) the funds to make the resulting MRT Distribution to the LLP, pursuant to the Mortgage Reserve Originator Trust Deed the LLP has instructed the Originator Trustee to undertake and complete the sale of the related Reference Mortgage Reserves in the manner described under "*Method of Sale of Selected Mortgage Accounts and their Related Security*" below. Following such surrender to Purchasers or, as applicable, sale, the Originator Trustee shall make a corresponding MRT Distribution to the LLP in accordance with the Mortgage Reserve Originator Trust Deed, following receipt of which MRT Distribution the related Reference Mortgage Reserve will become a Non-Reference Mortgage Reserve.

The proceeds from any such sale (including, in relation to the surrender or, as applicable, sale of any Reference Mortgage Reserves the proceeds of the resultant MRT Distribution made by the Originator Trustee in accordance with the terms of and conditions of the Mortgage Reserve Originator Trust Deed) will be credited to the GIC Account and applied as set out in the Guarantee Priority of Payments. In connection with any such sale of Selected Mortgage Loans and their Related Security, the LLP shall direct the Originator Trustee to accept surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves to the Seller.

The MRT Distribution shall comprise: (i) a principal amount equal to the Mortgage Reserve Account Balance of the relevant Mortgage Reserve as of the Determination Date falling on or prior to the completion of the repurchase of the related Mortgage Loan (less an amount equal to any Aggregate Potential MRT Interest in respect of such Mortgage Reserve); plus (ii) an MRT Interest Amount equal to, *inter alia*, the then Aggregate Potential MRT Interest in respect of such Mortgage Reserve.

#### ***Method of Sale of Selected Mortgage Accounts and their Related Security***

If the Seller fails, in the case of the Selected Mortgage Loans, to exercise its right of pre-emption in respect of the offer to sell the Selected Mortgage Loans and their Related Security and, in the case of the Reference Mortgage Reserves, fails to make the cash payment in respect of the surrender by the LLP of its beneficial interest in such Reference Mortgage Reserves, the LLP shall offer the Selected Mortgage Loans and their Related Security for sale to Purchasers and the Originator Trustee shall use all reasonable endeavours to sell the Reference Mortgage Reserves associated with such Selected Mortgage Loans in the manner set out below.

In connection with such sale, the LLP will be required to ensure that before offering Selected Mortgage Accounts for sale:

- (a) the Selected Mortgage Accounts have been selected from the Portfolio on a random basis as described in the LLP Deed; and
- (b) the Selected Mortgage Accounts have an aggregate principal outstanding balance in an amount (the "**Required Principal Outstanding Balance Amount**") which is as close as possible to the amount calculated as follows:

$$N \times O \times \frac{\text{Aggregate Mortgage Account Balance for all Mortgage Accounts in the Portfolio}}{\text{the sum of the Adjusted Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where "N" is an amount equal to the Adjusted Required Redemption Amount in respect of the relevant Series of Covered Bonds; and

where "O" is a number equal to the Asset Percentage divided by:

- (i) in respect of Hard Bullet Covered Bonds, the Hard Bullet Asset Percentage; or
- (ii) in respect of Covered Bonds Covered Bonds are subject to an Extended Due for Payment Date, the Extendable Maturity Asset Percentage.

**"Hard Bullet Asset Percentage"** means, save where a different percentage figure would not adversely affect the then current ratings of all outstanding Covered Bonds as confirmed in writing by the Rating Agencies, the lowest of:

- (a) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf) which, if an increase to the then current Asset Percentage, ensures that all outstanding Hard Bullet Covered Bonds maintain the then current ratings assigned to them by Fitch and S&P; and
- (b) is not greater than the lowest of the Initial Moody's Asset Percentage (as defined above) for each Series of outstanding Hard Bullet Covered Bonds, (regardless of the actual Moody's rating of such Series of Hard Bullet Covered Bonds at the time).

**"Extendable Maturity Asset Percentage"** means, save where a different percentage figure would not adversely affect the then current ratings of all outstanding Covered Bonds as confirmed in writing by the Rating Agencies, the lowest of:

- (a) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf) which, if an increase to the then current Asset Percentage, ensures that all outstanding Extendable Maturity Covered Bonds maintain the then current ratings assigned to them by Fitch and S&P; or
- (b) is not greater than the lowest of the Initial Moody's Asset Percentage (as defined above) for each Series of outstanding Extendable Maturity Covered Bonds, (regardless of the actual Moody's rating of such Series of Extendable Maturity Covered Bonds at the time).

The Hard Bullet Asset Percentage or Extendable Maturity Asset Percentage may, in order to comply with the Rating Agency criteria, be higher or lower than the Asset Percentage for the Programme. As a result, the incorporation of "N" into the calculation above may result in the Required Principal Outstanding Balance Amount for the Selected Mortgage Accounts to be sold may be higher or lower depending on whether the relevant Series of Covered Bonds are Hard Bullet Covered Bonds or are Extendable Maturity Covered Bonds.

The LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) will offer the Selected Mortgage Accounts and their Related Security for sale to Purchasers for the best price reasonably available but in any event for an aggregate amount not less than the Adjusted Required Redemption Amount.

Following the service of a Notice to Pay, if the Selected Mortgage Accounts and their Related Security have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to, as applicable, if the Covered Bonds are Hard Bullet Covered Bonds, the Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) will offer the Selected Mortgage Accounts for sale for the best price reasonably available notwithstanding that such amount (including, in respect of the sale of the related Reference Mortgage Reserves, any MRT Distributions to be distributed to the LLP by the Originator Trustee in accordance with the terms of the Mortgage Reserve Originator

Trust Deed following receipt of the proceeds of the sale of the Reference Mortgage Reserves) may be less than the Adjusted Required Redemption Amount **provided that**, after the sale of such Selected Mortgage Accounts, the remaining Mortgage Loans in the Portfolio would satisfy the Amortisation Test after such sale was completed, for the avoidance of doubt, assuming such sale proceeds have been applied to repay the relevant Series of Covered Bonds.

Following the service of a Notice to Pay but prior to the occurrence of an LLP Event of Default, in addition to offering Selected Mortgage Accounts for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the LLP (subject to the rights of pre-emption enjoyed by the Seller pursuant to the Mortgage Sale Agreement) is permitted to offer for sale a portfolio of Selected Mortgage Loans, in accordance with the provisions summarised above, in respect of other Series of Covered Bonds and, in the case of the related Reference Mortgage Reserves, shall direct the Originator Trustee to accept surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves to the Seller or, as applicable, use all reasonable endeavours to sell such related Reference Mortgage Reserves to Purchasers in accordance with the method described in this section, following which surrender or, as applicable, sale, the Originator Trustee shall make a corresponding MRT Distribution to the LLP in accordance with the Mortgage Reserve Originator Trust Deed.

The LLP is also permitted to offer for sale to Purchasers a Partial Portfolio of Selected Mortgage Loans and to direct the Originator Trustee to use reasonable endeavours to sell to such Purchasers the related Reference Mortgage Reserves **provided that**, after the sale of such Selected Mortgage Accounts, the remaining Mortgage Loans in the Portfolio would satisfy the Amortisation Test after such sale was completed, for the avoidance of doubt assuming such sale proceeds have been applied to repay the relevant Series of Covered Bonds. Except in circumstances where the portfolio of Selected Mortgage Accounts is being sold within six months of, as applicable, the Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Series of Covered Bonds to be repaid from such proceeds, the sale price of the Partial Portfolio (including, in respect of the sale of the related Reference Mortgage Reserves, any MRT Distributions to be distributed to the LLP by the Originator Trustee in accordance with the terms of the Mortgage Reserve Originator Trust Deed following receipt of the proceeds of the sale of the Reference Mortgage Reserves) (as a proportion of the Adjusted Required Redemption Amount), shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Mortgage Accounts multiplied by the sale price of the relevant portfolio of Selected Mortgage Accounts.

In connection with any sale of Selected Mortgage Accounts to Purchasers, the LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) will through a tender process appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Mortgage Accounts (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Mortgage Accounts to Purchasers (except where the Seller is buying the Selected Mortgage Loans in accordance with its right of pre-emption or, as applicable, making a cash payment to the Originator Trustee in consideration for the surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves, in each case, pursuant to the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender shall be approved by the Security Trustee and the Bond Trustee. In addition, the Originator Trustee will follow all instructions and directions of the LLP as to the mechanics, process and ultimate sale decisions with respect to any such tender process.

In respect of any sale or refinancing of Selected Mortgage Accounts and their Related Security following service of a Notice to Pay, the LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Mortgage Accounts are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the LLP Deed.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Accounts (which shall give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee and the Bond Trustee. The Security Trustee will not be required

to release the Selected Mortgage Accounts from the Security unless the conditions relating to the release of the Security (as described under "*Deed of Charge – Release of Security*", below) are satisfied.

If Purchasers accept the offer or offers from the LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) so that some or all (or part) of the Selected Mortgage Accounts shall be sold prior to the next following Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the next following Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the LLP (in the case of the Selected Mortgage Loans) and the Originator Trustee (in the case of the related Reference Mortgage Reserves) will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant Purchasers which will require, *inter alia*, a cash payment from the relevant Purchasers. Any such sale will not include any Representations and Warranties from the LLP or the Originator Trustee in respect of the Selected Mortgage Accounts and the Related Security unless expressly agreed by the Security Trustee or otherwise agreed with the Seller.

In the event of the failure of the Originator Trustee to (i) surrender the beneficial interest of the LLP in any Reference Mortgage Reserve in accordance with the Mortgage Reserve Originator Trust Deed to the Seller and (ii) sell the Reference Mortgage Reserves to Purchasers in accordance with the method described in this section, the LLP has instructed the Originator Trustee to continue to hold the relevant Reference Mortgage Reserve on trust for its benefit until such time as the Seller is able to make a payment in consideration of its surrender pursuant to the terms of the Mortgage Reserve Originator Trust Deed, at which time the LLP shall direct the Originator Trustee to accept such surrender.

In the case of any such Reference Mortgage Reserve, for the avoidance of doubt such Mortgage Reserve shall remain a Reference Mortgage Reserve and shall be held by the Originator Trustee on trust for the benefit of the LLP until the receipt by the Originator Trustee of the payment from the Seller in connection with the surrender of the Reference Mortgage Reserve and the surrender shall only be completed when the LLP has received the corresponding MRT Distribution in respect of such Reference Mortgage Reserve from the Originator Trustee, at which point the Reference Mortgage Reserve shall become a Non-Reference Mortgage Reserve in accordance with the terms of the Mortgage Reserve Originator Trust Deed.

If, following any sale of Selected Mortgage Accounts, the Originator Trustee fails to make a corresponding MRT Distribution in relation to any or all Reference Mortgage Reserves contained in such Mortgage Accounts in accordance with the terms of the Mortgage Reserve Originator Trust Deed, the LLP will be required to sell additional Selected Mortgage Loans in an amount equal to the relevant required MRT Distribution.

#### ***Covenants of the LLP and the Members***

Each of the Members covenants that, subject to the terms of the Transaction Documents, it will not sell, transfer, convey, create or permit to arise any security interest on, declare a trust over, create any beneficial interest in or otherwise dispose of its interest in the LLP without the prior written consent of the LLP and, whilst the Covered Bonds are outstanding, the Security Trustee. Whilst any amounts are outstanding in respect of the Covered Bonds, each of the Members undertakes not to terminate or purport to terminate the LLP or institute any winding-up, administration, insolvency or similar proceedings against the LLP.

The LLP covenants that it will not, save with the prior written consent of the LLP Management Committee (and, for so long as any Covered Bonds are outstanding, the consent of the Security Trustee) or as envisaged by the Transaction Documents:

- (a) create or permit to subsist any security interest over the whole or any part of its assets or undertakings, present or future;
- (b) dispose of, deal with or grant any option or present or future right to acquire any of its assets or undertakings or any interest therein or thereto;
- (c) have an interest in a bank account other than as set out in the Transaction Documents;
- (d) incur any indebtedness or give any guarantee or indemnity in respect of any such indebtedness;

- (e) consolidate or merge with or transfer any of its property or assets to another person;
- (f) have any employees, premises or subsidiaries;
- (g) acquire assets other than pursuant to the Mortgage Sale Agreement, the Cash Management Agreement and the LLP Deed;
- (h) engage in any activities or derive income from any activities within the United States or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States;
- (i) enter into any contracts, agreements or other undertakings;
- (j) compromise, compound or release any debt due to it;
- (k) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets; or
- (l) be a member of any VAT group.

The LLP and each of the Members further covenants that it will:

- (i) ensure that the Asset Pool is composed of assets which comply with Regulation 3(1) (Asset Pool) of the RCB Regulations;
- (ii) keep a record of those assets that form part of the Asset Pool, which, for the avoidance of doubt, shall not include any Swap Collateral; and
- (iii) comply with its obligations under the RCB Regulations and the RCB Sourcebook at all times, including to provide the FCA with all information that is required on the composition of the Asset Pool and any other notifications and confirmations required under the RCB Regulations and the RCB Sourcebook.

***Limit on Investing in Substitution Assets and Authorised Investments***

Prior to the service of a Notice to Pay on the LLP, the LLP will be permitted to invest Available Revenue Receipts, Available Principal Receipts and the proceeds of Term Advances standing to the credit of the GIC Account in Substitution Assets, **provided that** such investments are made in accordance with the terms of the Cash Management Agreement and the LLP Deed.

Following service of a Notice to Pay on the LLP, all Substitution Assets must be sold by the LLP (or the Cash Manager on its behalf) as quickly as reasonably practicable and the proceeds credited to the GIC Account after which the LLP will be permitted to invest all available moneys in Authorised Investments, **provided that** such sales or investments are made in accordance with the terms of the Cash Management Agreement and the LLP Deed.

There is no limit on the amounts that the LLP shall be entitled to invest in Authorised Investments.

***Other Provisions***

The allocation and distribution of Revenue Receipts, Principal Receipts and all other amounts received by the LLP is described under "*Cashflows*" below.

The LLP Management Committee, comprised as at the date of this Base Prospectus of directors, officers and/or employees of BBUKPLC and the Liquidation Member, will act on behalf of the LLP to which (other than any decision to approve the audited accounts of the LLP or to make a resolution for the voluntary winding up of the LLP, which require a unanimous decision of the Members) the Members delegate all matters. Any decision by the LLP Management Committee relating to the admission of a New Member, any change in the LLP's business, any change to the LLP's name and any amendment to the LLP Deed, will be made, whilst any Covered Bonds are outstanding, with the consent of the Security Trustee.

For so long as any Covered Bonds are outstanding, each Member has agreed that it will not terminate or purport to terminate the LLP or institute any winding-up, administration, insolvency or other similar

proceedings against the LLP. Furthermore, the Members have agreed *inter alia* not to demand or receive payment of any amounts payable by the LLP (or the Cash Manager on its behalf) or the Security Trustee unless all amounts then due and payable by the LLP to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full.

Each Member will be responsible for the payment of its own tax liabilities and will be required to indemnify the LLP and the other Members from any liabilities which they incur as a result of the relevant Member's non-payment.

Following the appointment of a liquidator to any Member (other than the Liquidation Member), any decisions of the LLP that are reserved to the Members in the LLP Deed shall be made by the Liquidation Member only.

The LLP Deed is governed by English law.

### **Cash Management Agreement**

The Cash Manager will provide certain cash management services to the LLP and the Originator Trustee pursuant to the terms of the Cash Management Agreement to be entered into on the Programme Date between the LLP, Barclays Bank PLC in its then capacity as the Cash Manager and the Security Trustee. The Cash Management Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC (including Cash Manager).

The Cash Manager's services include but are not limited to:

- (a) maintaining the Ledgers on behalf of the LLP and the Originator Trustee;
- (b) making distributions of MRT Interest Amounts and MRT Principal Amounts as described under "*The Mortgage Reserve Originator Trust and the Mortgage Reserve Originator Trust Deed*" above;
- (c) distributing the Revenue Receipts and the Principal Receipts in accordance with the Priorities of Payment described under "*Cashflows*", below;
- (d) determining whether the Asset Coverage Test is satisfied on each Calculation Date prior to the service of a Notice to Pay on the LLP in accordance with the LLP Deed, as more fully described under "*Credit Structure – Asset Coverage Test*" below;
- (e) determining whether the Amortisation Test is satisfied on each Calculation Date following an Issuer Event of Default in accordance with the LLP Deed, as more fully described under "*Credit Structure – Amortisation Test*", below;
- (f) on each Business Day, determining whether the Pre-Maturity Test for each Series of Hard Bullet Covered Bonds is satisfied, as more fully described under "*Credit Structure – Pre-Maturity Liquidity*" below;
- (g) maintaining records of all Authorised Investments and Substitution Assets, as applicable;
- (h) providing the FCA with information on the Authorised Investments and/or Substitution Assets comprised in the assets of the LLP and/or any other information as the FCA may require in accordance with the RCB Regulations; and
- (i) preparation of Investor Reports for the holders of the Covered Bonds, the Rating Agencies and the Bond Trustee.

In certain circumstances the LLP and the Security Trustee each have the right to terminate the appointment of the Cash Manager, in which event the LLP will appoint a substitute (the identity of which will be subject to the Security Trustee's written approval). Any substitute cash manager will have substantially the same rights and obligations as the Cash Manager (although the fee payable to the substitute cash manager may be higher).

The Cash Management Agreement is governed by English law.

### **The Swap Agreements**

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the LLP under the Mortgage Loans and pursuant to the Mortgage Reserve Originator Trust Deed and amounts payable by the LLP under the Intercompany Loan Agreement to Barclays Bank UK PLC and/or amounts payable by the LLP under the Covered Bond Guarantee to Covered Bondholders in respect of the Covered Bonds in issue, the LLP will enter into certain swap transactions with a swap provider, including, but not limited to, a total return swap transaction and currency and/or interest rate swap transactions.

Each such swap transaction (the "**Swaps**") between a swap provider (the "**Swap Provider**") and the LLP will be governed by, and subject to, an ISDA Master Agreement and Schedule thereto, a credit support document in the form of the 1995 ISDA Credit Support Annex and the relevant swap confirmation(s) (together, the "**Swap Agreements**").

Where required to hedge such risks, there may be one (or more) Swap Agreement(s) and Swap(s) in relation to each Series of Covered Bonds.

### **Total Return Swap**

On the first Transfer Date, Barclays Bank PLC (as a Swap Provider) entered into a total return swap transaction with the LLP (the "**TRS**"). Under the TRS, the LLP will pay to Barclays Bank UK PLC (the "**TRS Provider**"), in respect of each Calculation Period, an amount in Sterling equivalent to the sum of (i) the total amount of interest paid to the LLP on the outstanding balance of the Mortgage Loans for such Calculation Period, (ii) the total amount of MRT Interest Amounts paid to the LLP pursuant to the Mortgage Reserve Originator Trust Deed which is attributable to such Calculation Period, (iii) the total amount of interest paid to the LLP in relation to amounts standing to the credit of the GIC Account which is attributable to such Calculation Period and (iv) the total amount of interest paid to the LLP in respect of any Substitution Assets or any other assets that the LLP may hold from time to time attributable to such Calculation Period. Such payments by the LLP to the Swap Provider under the TRS will be made monthly on the LLP Payment Date falling immediately after the end of that relevant Calculation Period.

In return, the TRS Provider will pay to the LLP, in respect of the corresponding LLP Payment Period, an amount in Sterling calculated by reference to the TRS Provider Notional Amount (see below) and the TRS Rate. The TRS Rate may be amended, from time to time, by the TRS Provider, however, it shall not be lower than one-month LIBOR plus 0.70 per cent. The one-month LIBOR rate will be set on each LLP Payment Date for the LLP Payment Period commencing on that date. Such payments by the TRS Provider to the LLP will be made monthly on each LLP Payment Date.

The "**TRS Provider Notional Amount**" in respect of an LLP Payment Period is an amount (in Sterling) equal to the product of "A" and "B", where "A" is the sum of (a) the total outstanding balance of the Mortgage Loans in the Mortgage Loan Portfolio (or added to the Mortgage Loan Portfolio during the relevant Calculation Period) on the Determination Date for the corresponding Calculation Period, (b) the MRT Trust Value as at the Determination Date for the corresponding Calculation Period, (c) weighted average balance of the amounts standing to the credit of the GIC Account for such Calculation Period and (d) any Substitution Assets or any other assets that the LLP may hold from time to time and where "B" is a fraction with a numerator equal to the sum of (i) the total amount of interest paid to the LLP on the outstanding balance of the Mortgage Loans for such Calculation Period and (ii) the total amount of the MRT Interest Amount which is attributable to such Calculation Period and (iii) the total amount of interest received in relation to amounts standing to the credit of the GIC Account and any Substitution Assets for the relevant Calculation Period and a denominator equal to (A) the total amount of interest due to the LLP on the outstanding balance of the Mortgage Loans for such Calculation Period and (B) the total amount of the MRT Interest Amount which would be due (assuming the relevant mortgages were finally performing) to the LLP pursuant to the terms of the Mortgage Reserve Originator Trust Deed which is attributable to such Calculation Period and (C) the total amount of interest received in relation to amounts standing to the credit of the GIC Account and any Substitution Assets for the relevant Calculation Period.



On any Transfer Date, and as an incentive to the LLP for, *inter alia*, entering into (or, as the case may be, increasing the hedging coverage under) the TRS with the TRS Provider, the Seller will pay a Mortgage Purchase Inducement Fee to the LLP in an amount equal to the aggregate amount of the then swap premium amount payable by the LLP to the TRS Provider pursuant to the terms of the TRS on such Transfer Date.

The TRS Agreement provides that in case of a sale or refinancing of Selected Mortgage Loans and their Related Security, the prospective purchaser (if such purchaser has been approved by the TRS Provider) has the option to purchase such Selected Mortgage Loans and their Related Security with or without the corresponding TRS. If the prospective purchaser of the Selected Mortgage Loans and their Related Security elects to purchase such Selected Mortgage Loans and their Related Security with the corresponding part of the TRS, the TRS Agreement will permit the LLP to transfer the corresponding rights and obligations thereunder to such purchaser. If the Selected Mortgage Loans and their Related Security are, or part thereof is, purchased or refinanced without the corresponding (part of the) TRS, the TRS will be terminated in relation to such (part of the) Selected Mortgage Loans and their Related Security.

The termination date of the TRS shall be not be earlier than the date on which all outstanding amounts under the Covered Bonds are repaid or redeemed in full by the Issuer.

### ***Covered Bond Swaps***

On an Issue Date, the LLP may enter into one or more swap transactions with Swap Providers (which may include Barclays Bank UK PLC or a third party Swap Provider) (the "**Covered Bond Swap Providers**") and each one a "**Covered Bond Swap Provider**") with respect to one or more Series of Covered Bonds issued by the Issuer (the "**Covered Bond Swaps**" and each one a "**Covered Bond Swap**").

Under the Covered Bonds Swaps with respect to a Series of Covered Bonds, the LLP is scheduled to pay an amount in Sterling calculated by reference to a swap notional amount corresponding to the Principal Amount Outstanding of the relevant Series of Covered Bonds (or its Sterling Equivalent) and one-month Sterling LIBOR. The one-month Sterling LIBOR rate will be set on each LLP Payment Date for the LLP Payment Period commencing on that date. Such payments will be made by the LLP to the Covered Bond Swap Provider monthly on each LLP Payment Date.

In return, the Covered Bond Swap Provider is scheduled to pay an amount in the currency of the related Series of Covered Bonds calculated by reference to a swap notional amount corresponding to the Principal Amount Outstanding of the related Series of Covered Bonds and at a rate corresponding to the interest payable on such Series. Such payments will be made by the Swap Provider on the dates that interest is payable under the related Term Advance or, following the date of the service of the Notice to Pay on the LLP (or, if earlier, the date of service of an LLP Acceleration Notice) under the terms of the Covered Bond Guarantee.

If the currency of a Series of Covered Bonds is not Sterling but the related Term Advance is denominated in Sterling, there will be a currency swap for that Series with an effective start date of the date of the service of a Notice to Pay on the LLP or (if earlier) an LLP Acceleration Notice. The Covered Bond Swap Provider will then make payments calculated with reference to the amounts owed by the LLP under the Covered Bond Guarantee with effect from the date of the service of the Notice to Pay (or, if earlier, an LLP Acceleration Notice).

In addition, if a Series of Covered Bonds is denominated in a currency other than Sterling then, (unless the Term Advance is denominated in Sterling) the Covered Bond Swap will provide for the proceeds of the Covered Bonds to be swapped into Sterling on issue of the Covered Bonds and for the exchange of Sterling on the maturity of the Covered Bonds for an amount equal to the amount to be applied towards redemption of the Covered Bonds.

### ***Rating Downgrade Event***

Under the terms of each Swap Agreement, in the event that the rating(s) of the Swap Provider is downgraded by any of the Rating Agencies below the rating(s) specified in the relevant Swap Agreement (in order to comply with the criteria of such Rating Agency) for that Swap Provider, that Swap Provider

will, in accordance with the relevant Swap Agreement, be required to take certain remedial measures which may include:

- (a) providing collateral for its obligations under the Swap Agreement; or
- (b) arranging for its obligations under the relevant Swap Agreement to be transferred to an entity with the ratings required by the relevant Rating Agency; or
- (c) procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the Swap Agreement; or
- (d) taking other action or putting in place alternative hedging (**provided that** the Rating Agencies confirm that this will not adversely affect the ratings of the then outstanding Series of Covered Bonds).

A failure to take such steps within the time periods specified in the Swap Agreement will allow the LLP to terminate the Swap Agreement.

#### ***Other Termination Events***

A Swap Agreement may also be terminated early in certain other circumstances, including:

- (a) at the option of any party to the Swap Agreement, if there is a failure by the other party to pay any amounts due under such Swap Agreement;
- (b) upon the occurrence of an insolvency of the Swap Provider, or any Guarantor (or, in limited circumstances, the LLP), or the merger of one of the parties without an assumption of the obligations under the relevant Swap Agreement (except in respect of a transfer by the LLP to the Security Trustee in its fiduciary capacity);
- (c) there is a change of law or change in application of the relevant law which results in the LLP or the Swap Provider (or both) being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party to the other party under the Swap Agreement and the Swap Provider thereby being required under the terms of the Swap Agreement to gross up payments made to the LLP, or to receive net payments from the LLP (who is not required under the terms of the Swap Agreement to gross up payments made to the Swap Provider);
- (d) there is a change in law which results in the illegality of the obligations to be performed by either party under the Swap Agreements;
- (e) in respect of a portion of the TRS if any Selected Mortgage Loans are sold or refinanced without the corresponding portion of the TRS;
- (f) a Covered Bond Swap may be terminated if the corresponding Series of Covered Bonds are redeemed or cancelled; and
- (g) in relation to certain Covered Bond Swaps where the Swap Provider has U.S. nexus, the LLP becomes subject to U.S. law requirements to post collateral.

Upon the termination of a Swap Agreement, the LLP or the Swap Provider may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement. The amount of this termination payment will be calculated and made in Sterling.

#### ***Swap Agreement Credit Support Documents***

The LLP and the Swap Provider and the Security Trustee in its fiduciary capacity will also enter into one or more credit support documents, in each case, in the form of the ISDA 1995 Credit Support Annex (Transfer-English Law) to the relevant Swap Agreement (the "**Swap Agreement Credit Support Documents**"). Each Swap Agreement will have a related Swap Agreement Credit Support Document which will provide that, from time to time, if required to do so following its downgrade and subject to the conditions specified in the relevant Swap Agreement Credit Support Document, the Swap Provider will make transfers of collateral to the LLP in support of its obligations under the Swap Agreement (the

"**Swap Collateral**") and the LLP will be obliged to return equivalent collateral in accordance with the terms of the Swap Agreement Credit Support Document. In addition and without prejudice to the forgoing, certain Swap Agreements will also have an additional Swap Agreement Credit Support Document which will provide that, at all times, the relevant Swap Provider will make transfers of Swap Collateral in an amount equal to the mark-to-market value of the relevant Swaps governed by such Swap Agreement. The Swap Agreement Credit Support Documents will be governed by English law.

Swap Collateral required to be posted by the Swap Provider pursuant to the terms of the Swap Agreement Credit Support Document may be delivered in the form of cash or securities. Cash amounts will be paid into the "**Swap Collateral Cash Account**" and securities will be transferred to the "**Swap Collateral Custody Account**". References to the Swap Collateral Cash Account or to the Swap Collateral Custody Account and to payments from such accounts are deemed to be a reference to payments from such accounts held with the Swap Collateral Cash Account Bank.

In respect of the Swap Collateral Cash Account and/or the Swap Collateral Custody Account, cash and securities (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) to the Swap Provider or in satisfaction of amounts owing by the Swap Provider to the LLP in accordance with the terms of the Swap Agreement Credit Support Document. Following a termination of a Swap Agreement, any termination payment paid to the LLP may be used by the LLP to purchase and enter into a replacement swap agreement.

Any Swap Collateral Excluded Amounts will be paid to the relevant Swap Provider directly and not via the Priorities of Payments.

#### ***Withholding Tax on payments by the Swap Provider***

The Swap Provider will be obliged to make payments pursuant to the terms of the Swap Agreement without any withholding or deductions of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Provider will, subject to certain conditions (including the requirement that such deduction is not in relation to FATCA withholding), be required to pay such additional amount as is necessary to ensure that the net amount actually received by the LLP will equal the full amount the LLP would have received had no such withholding or deduction been required. The LLP is similarly obliged to make payments pursuant to the terms of the Swap Agreement without any withholding or deductions of taxes unless required by law. However, if any such withholding or deduction is required by law, the LLP will not be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Swap Provider will equal the full amount the Swap Provider would have received had no such withholding or deduction been required.

#### ***Transfer of Obligations***

A Swap Provider may, at its own discretion and at its own expense, novate its rights and obligations under a Swap Agreement to any third party with the appropriate ratings, **provided that**, among other things, the Rating Agencies confirm that such transfer to a third party swap provider will not adversely affect the ratings of the then outstanding Series of Covered Bonds and such third party swap provider agrees to be bound by, *inter alia*, the terms of the Deed of Charge, on substantially the same terms as the Swap Provider.

The Swap Agreements will be governed by English law.

#### **Account Bank Agreement**

Pursuant to the terms of an account bank agreement entered into on the Programme Date between the LLP, Barclays Bank PLC (in its capacity as the original account bank), the Cash Manager and the Security Trustee, the LLP agreed to maintain certain accounts of the LLP with Barclays Bank PLC.

On 6 May 2015, the LLP entered into a standby bank account agreement with Wells Fargo Bank, N.A. London Branch (at that time the "**Standby Account Bank**"), the Issuer, the Cash Manager, Barclays Bank PLC and the Security Trustee (as the same may be amended, amended and restated and/or supplemented from time to time, the "**Standby Account Bank Agreement**", herein referred to as the "**Account Bank Agreement**").

In June 2015, as a result of Barclays Bank PLC ceasing to be a Qualified Institution, the appointment of Barclays Bank PLC was terminated and the accounts held with Barclays Bank PLC were closed and Wells Fargo Bank, N.A. London Branch became the Account Bank. Pursuant to the terms of the Account Bank Agreement, the LLP opened a Euro Transaction Account, USD Transaction Account and a GIC Account (together, the "**LLP Accounts**") with the Account Bank, in order for the LLP to accept amounts denominated in euro, U.S. dollar and Sterling. The Account Bank Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC. The LLP Accounts are operated in accordance with the Account Bank Agreement, the Cash Management Agreement, the LLP Deed and the Deed of Charge.

On 22 January 2019 Wells Fargo Bank, N.A., London Branch gave notice of its resignation as Standby Account Bank. A new Account Bank will be appointed pursuant to the terms of the existing Account Bank Agreement, and the resignation of Wells Fargo Bank, N.A., London Branch as Account Bank will not be effective until such replacement has been appointed.

If the Account Bank ceases to be a Qualified Institution there will be a requirement that the Account Bank either be replaced by an appropriate successor account bank with such ratings, or have its obligations guaranteed by a satisfactorily rated financial institution, in each case, approved by the Security Trustee.

The Account Bank Agreement and any non-contractual obligations arising out of or in respect of it is governed by and shall be construed in accordance with English law.

#### **Swap Collateral Cash Account Bank Agreement**

The LLP entered into a swap collateral cash account bank agreement with Wells Fargo Bank, N.A. London Branch (the "**Swap Collateral Cash Account Bank**"), the Issuer, the Cash Manager and the Security Trustee on 6 May 2015 (as the same may be amended, amended and restated and/or supplemented from time to time, the "**Swap Collateral Cash Account Bank Agreement**"). The LLP will maintain the Swap Collateral Cash Account in the name of the LLP with the Swap Collateral Cash Account Bank. The LLP may open further or additional Swap Collateral Cash Accounts from time to time. The Swap Collateral Cash Account Bank Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC.

The LLP or the Cash Manager may terminate the relevant Swap Collateral Cash Account Bank Agreement if the Swap Collateral Cash Account Bank ceases to be a Qualified Institution as contemplated by the Swap Collateral Cash Account Bank Agreement and there will be a requirement that the Swap Collateral Cash Account Bank either be replaced by an appropriate successor account bank with such ratings, or have its obligations guaranteed by, a satisfactorily rated financial institution, in each case, approved by the Security Trustee.

On 22 January 2019 Wells Fargo Bank, N.A., London Branch gave notice of its resignation as Swap Collateral Cash Account Bank. A new Swap Collateral Cash Account Bank will be appointed pursuant to the terms of the existing Swap Collateral Cash Account Bank Agreement, and the resignation of Wells Fargo Bank, N.A., London Branch as Swap Collateral Cash Account Bank will not be effective until such replacement has been appointed.

The Swap Collateral Cash Account Bank Agreement and any non-contractual obligations arising out of or in respect of it is governed by and shall be construed in accordance with English law.

#### **Custody Agreement**

The LLP entered into a custody agreement with The Bank of New York Mellon, London Branch (the "**Securities Custodian**"), the Issuer, the Cash Manager and the Security Trustee on 6 May 2015 (as the same may be amended, amended and restated and/or supplemented from time to time, the "**Custody Agreement**"). The Custody Agreement was amended and restated on on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank

UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC.

Pursuant to the terms of the Custody Agreement, the LLP will open one or more securities accounts and/or cash accounts, together, the "**Custody Accounts**". The LLP will deposit any cash which is required to be paid to the LLP by a Swap Provider in accordance with the terms of a Swap Agreement in the relevant Custody Account.

The Custody Agreement and any non-contractual obligations arising out of or in respect of it is governed by and shall be construed in accordance with English law.

### **Corporate Services Agreement**

The Liquidation Member has entered into a Corporate Services Agreement with, *inter alios*, Intertrust Management Limited (as Corporate Services Provider) and the LLP, on the Programme Date, pursuant to which the Corporate Services Provider has agreed to provide corporate services to the Liquidation Member. The Corporate Services Agreement was amended and restated on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC.

The Corporate Services Agreement is governed by English law.

### **Deed of Charge**

Pursuant to the terms of the Deed of Charge entered into on the Programme Date by the LLP, the Security Trustee and the other Secured Creditors (as supplemented from time to time), the secured obligations of the LLP and all other obligations of the LLP under or pursuant to the Transaction Documents to which it is a party will be secured, *inter alia*, by the following security (the "**Security**") over the following property, assets and rights (the "**Charged Property**"):

- (a) a first fixed charge (which may take effect as a floating charge) over the LLP's interest in the English Mortgage Loans, Northern Irish Mortgage Loans and their Related Security and other related rights comprised in the Mortgage Loan Portfolio;
- (b) an assignment by way of first fixed charge over the benefit of the LLP in and to the Insurance Policies;
- (c) with effect from the MRT Establishment Date, an assignment by way of first fixed charge over the LLP's right, title, interest and benefit in, to and under its absolute, undivided beneficial interest in the MRT Trust Property and any payments arising therefrom;
- (d) a Scottish Supplemental Charge constituting an assignation in security of the LLP's interest in the Scottish Mortgage Loans and their Related Security (comprising the LLP's interest as beneficiary under the trust declared by the Seller (and, prior to the RFTS Effective Date, Barclays Bank PLC) pursuant to the Scottish Declarations of Trust);
- (e) an assignment by way of first fixed security over all of the LLP's interests, rights and entitlements under and in respect of any Transaction Document to which it is a party (and, in respect of the Swap Agreements, after giving effect to all applicable netting provisions therein);
- (f) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the LLP in the LLP Accounts (including any Excess Proceeds) and any other account of the LLP and all amounts standing to the credit of the LLP Accounts and such other accounts;
- (g) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the LLP in respect of all Authorised Investments and Substitution Assets purchased from time to time from amounts standing to the credit of the LLP Accounts; and
- (h) a first floating charge over all the assets and undertaking of the LLP (including the assets and undertaking of the LLP located in Scotland or governed by Scots law and the assets and

undertaking of the LLP located in Northern Ireland or governed by the law of Northern Ireland) to the extent not effectively charged pursuant to paragraphs (a) to (g) above.

In respect of the property, rights and assets referred to in paragraph (d) above, fixed security will be created over such property, rights and assets sold to the LLP after the Programme Date by means of Scottish Supplemental Charges pursuant to the Deed of Charge and will be held on trust by the Security Trustee for the Secured Creditors.

### ***Release of Security***

In the event of any sale of Mortgage Loans (including Selected Mortgage Loans) and their Related Security by the LLP pursuant to and in accordance with the Transaction Documents, the Security Trustee will, on the date of such sale, (subject to the written request of the LLP), release those Mortgage Loans from the Security created by and pursuant to the Deed of Charge, only if:

- (a) the Security Trustee provides its prior written consent to the terms of such sale as described under "*LLP Deed – Method of Sale of Selected Mortgage Accounts and their Related Security*" above; and
- (b) in the case of the Sale of Selected Mortgage Loans, the LLP provides to the Security Trustee a certificate confirming that the Selected Mortgage Loans being sold have been selected on a random basis.

In the event of the repurchase of a Mortgage Loan and its Related Security by the Seller pursuant to and in accordance with the Transaction Documents, on the date of the repurchase that Mortgage Loan shall be released from the Security created by and pursuant to the Deed of Charge.

### ***Enforcement***

If an LLP Acceleration Notice is served on the LLP, the Security Trustee shall be entitled to appoint a Receiver, and/or enforce the Security constituted by the Deed of Charge (including selling the Mortgage Loan Portfolio), and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction. All proceeds received by the Security Trustee from the enforcement or realisation of the Security will be applied in accordance with the Post-Enforcement Priority of Payments described under "*Cashflows*".

The Deed of Charge is governed by English law (other than the Scottish Supplemental Charge referred to in paragraph (d) above and any further Scottish Supplemental Charge granted after the Programme Date pursuant and supplemental to the Deed of Charge which will be governed by Scots law and the first fixed charge over the Northern Irish Mortgage Loans and their Related Security and the floating charge over the assets and undertaking of the LLP located in or governed by the law of Northern Ireland which will be governed by Northern Irish law).

The Deed of Charge was supplemented on or about the date of this Base Prospectus to reflect the transfer of certain elements of Barclays Bank PLC's business to Barclays Bank UK PLC under the Ring Fencing Transfer Scheme, including the transfer of certain roles on the Programme from Barclays Bank PLC to Barclays Bank UK PLC.

### **The Bond Trustee and the Security Trustee: powers, responsibilities and liabilities**

#### ***Appointment***

The Security Trustee is appointed to act as trustee on behalf of the Secured Creditors and holds the benefit of the Security on trust for each of them in accordance with the terms of the Deed of Charge. The Bond Trustee is appointed to act as trustee on behalf of the Covered Bondholders, the Receiptholders and the Couponholders on the terms and conditions of the Trust Deed.

#### ***Modification of Transaction Documents***

The Bond Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Receiptholders and/or the related Couponholders and without the consent of the Secured Creditors at any time agree to make any modification (disregarding whether any such modification relates

to a Series Reserved Matter) **provided that** the conditions contained in Condition 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*) are satisfied.

The Security Trustee may, from time to time and at any time without any consent or sanction of the Secured Creditors (other than any Secured Creditor that is a party to the relevant document), agree to make or sanction any modification (disregarding whether any such modification relates to a Series Reserved Matter) (i) to the Covered Bonds of any one or more Series, the related Receipts and/or Coupons or any of the Transaction Documents **provided that** the Security Trustee is of the opinion that such modification will not be materially prejudicial to the interests of any Covered Bondholders of any Series; or (ii) to the Covered Bonds of any one or more Series, the related Receipts and/or Coupons or any of the Transaction Documents which in the Security Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or an error established as such to the satisfaction of the Security Trustee, or to comply with mandatory provisions of law.

The Bond Trustee and the Security Trustee shall, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors, concur with any person in making or sanctioning any modification to the Covered Bonds of any Series or the Transaction Documents which the Issuer and/or the LLP shall (i) have certified in writing to the Bond Trustee and the Security Trustee as being a modification that is required by and seeks only to implement, new or anticipated criteria of any Rating Agency and (ii) have obtained a Rating Agency Confirmation in respect of such modification.

In addition, the Bond Trustee and the Security Trustee shall, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors, concur with any person in making or sanctioning any modification to the Covered Bonds of any Series or the Transaction Documents in order to enable the Issuer and/or the LLP and/or any other party to comply with any requirements which apply to it under EMIR.

Notwithstanding anything to the contrary in the other Transaction Documents or the Conditions, the Bond Trustee and the Security Trustee shall not be responsible for any liability that may be occasioned to any person by acting in accordance with the provisions of Condition 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*) and/or the Trust Deed based on the written certification it receives from the Issuer and/or the LLP.

#### ***Fees and expenses***

The Issuer and, after the service of a Notice to Pay on the LLP, the LLP, will pay certain fees to the Bond Trustee and the Security Trustee and will reimburse them for all their costs and expenses properly incurred in acting as Bond Trustee or Security Trustee, as applicable, and in addition shall indemnify them in respect of all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses suffered as a result of the Issuer (or, following service of a Notice to Pay on the LLP, the LLP) failing to perform any of its obligations under the Transaction Documents.

Any remuneration, costs and expenses paid by the LLP to the Bond Trustee and the Security Trustee shall be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

The Security Trustee may, in certain circumstances undertake duties of an exceptional nature or otherwise outside the scope of its normal duties as set out in the Deed of Charge, in which case the Issuer or the LLP shall pay to the Security Trustee such additional remuneration as shall be agreed between the Security Trustee and the LLP.

Neither the Issuer nor the LLP will be responsible under the Deed of Charge or the Trust Deed for any liabilities, losses, damages, costs or expenses resulting from the fraud, gross negligence or wilful default on the part of the Bond Trustee or the Security Trustee or any of its officers, employees and advisors.

#### ***Retirement and removal***

The Bond Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer, the LLP and the Security Trustee. The Covered Bondholders may by Extraordinary Resolution of all the Covered Bondholders remove any Bond Trustee. The retirement or removal of the Bond Trustee who is the sole Bond Trustee shall not become effective until a successor bond trustee is appointed.

The Security Trustee may retire at any time upon giving not less than three calendar months' prior notice to the LLP, **provided, however, that** the retirement or removal of any Security Trustee shall not become effective unless there remains at least one Security Trustee in office upon such retirement or removal. The power of appointing a new Security Trustee and removing the Security Trustee or any new Security Trustee shall be vested in the LLP, **provided that** such appointment or removal must be approved by (i) an Extraordinary Resolution of the Covered Bondholders of all Series (taken together as a single Series) and (ii) each Secured Creditor. Any appointment of a new Security Trustee and any retirement or removal of an existing Security Trustee hereof shall as soon as practicable thereafter be notified by the LLP to the Secured Creditors.



## CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured and unconditional obligations of the Issuer. The LLP has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and on the LLP of a Notice to Pay or, if earlier, following the occurrence of an LLP Event of Default, service by the Bond Trustee on the LLP of an LLP Acceleration Notice. The Issuer will not be relying on payments by the LLP in respect of the Term Advances or receipt of Revenue Receipts or Principal Receipts from the Mortgage Loan Portfolio in order to pay interest or repay principal under the Covered Bonds.

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

- (a) the Covered Bond Guarantee provides credit support to the Issuer;
- (b) the Pre-Maturity Test is intended to provide liquidity to the LLP in relation to amounts of principal due on the Final Maturity Date of the Hard Bullet Covered Bonds;
- (c) the Asset Coverage Test is intended to test the asset coverage of the LLP's assets in respect of the Covered Bonds at all times;
- (d) the Amortisation Test is intended to test the asset coverage of the LLP's assets in respect of the Covered Bonds following the occurrence of an Issuer Event of Default, service of an Issuer Acceleration Notice on the Issuer and service of a Notice to Pay on the LLP;
- (e) a Reserve Fund (unless Barclays Bank UK PLC's short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P, F1+ by Fitch and P-1 by Moody's) will be established in the GIC Account to trap Available Revenue Receipts; and
- (f) under the terms of the Account Bank Agreement, the GIC Provider has agreed to pay a variable rate of interest on all amounts held by the LLP in the GIC Account at a rate of 0.35 per cent. per annum below LIBOR for one-month Sterling deposits.

Certain of these factors are considered more fully in the remainder of this section.

### **Covered Bond Guarantee**

The Covered Bond Guarantee provided by the LLP under the Trust Deed guarantees payment of Guaranteed Amounts when such amounts become Due for Payment in respect of all Covered Bonds issued under the Programme. The Covered Bond Guarantee will not guarantee any amount becoming payable for any other reason, including any accelerated payment pursuant to Condition 9 (*Events of Default and Enforcement*) following the occurrence of an Issuer Event of Default. In this circumstance (and until an LLP Event of Default occurs and an LLP Acceleration Notice is served), the LLP's obligations will only be to pay the Guaranteed Amounts as they fall Due for Payment.

See further "*Summary of the Principal Documents – Trust Deed*" as regards the terms of the Covered Bond Guarantee. See further "*Cashflows – Guarantee Priority of Payments*" as regards the payment of amounts payable by the LLP to holders of the Covered Bonds and other Secured Creditors following the occurrence of an Issuer Event of Default.

### **Pre-Maturity Liquidity**

The Pre-Maturity Test is intended to provide liquidity for the Hard Bullet Covered Bonds when the Issuer's credit ratings fall to a certain level. The applicable Final Terms will identify whether any Series of Covered Bonds is a Series of Hard Bullet Covered Bonds. On each Pre-Maturity Test Date prior to the occurrence of an Issuer Event of Default or the occurrence of an LLP Event of Default, the LLP or the Cash Manager on its behalf will determine if the Pre-Maturity Test has been breached and, if so, it shall immediately notify the Members and the Security Trustee thereof.

The Issuer will fail and be in breach of the Pre-Maturity Test on a Pre-Maturity Test Date if:

- (a) the Issuer's short-term credit rating from S&P falls to A-1 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 6 months from the relevant Pre-Maturity Test Date (the "**S&P Pre-Maturity Trigger**"); or
- (b) the Issuer's (i) long-term credit rating from Moody's falls to A2 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within six months from the relevant Pre-Maturity Test Date or (ii) short-term credit rating from Moody's falls to P-2 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months from the relevant Pre-Maturity Test Date (the "**Moody's Pre-Maturity Trigger**"); or
- (c) the Issuer's short-term credit rating, from Fitch falls to F1 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months from the relevant Pre-Maturity Test Date (the "**Fitch Pre-Maturity Trigger**", together with the S&P Pre-Maturity Trigger and the Moody's Pre-Maturity Trigger the "**Pre-Maturity Rating Triggers**").

Following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the LLP shall offer to sell Selected Mortgage Loans and their Related Security to Purchasers and shall direct the Originator Trustee to accept surrender by the LLP of its beneficial interest in the related Reference Mortgage Reserves to the Seller or, as applicable, instruct the Originator Trustee to sell the related Reference Mortgage Reserves (as described at "*Summary of the Principal Documents – LLP Deed – Method of Sale of Selected Mortgage Accounts and their Related Security*"), following which surrender or, as applicable, sale, the Originator Trustee shall make a corresponding MRT Distribution to the LLP in accordance with the Mortgage Reserve Originator Trust Deed, **subject to**:

- (i) any Cash Capital Contribution made by the Members (other than the Liquidation Member) from time to time; and
- (ii) any right of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement,

**provided that** an Issuer Event of Default shall occur if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached less than six months (in the case of a breach of the Pre-Maturity Test by the S&P Pre-Maturity Trigger or the Moody's Pre-Maturity Trigger) or 11 months (in the case of a breach of the Pre-Maturity Test by the Fitch Pre-Maturity Trigger) prior to the Final Maturity Date of that Series of Hard Bullet Covered Bonds (or such other longer or shorter period with respect to any Pre-Maturity Rating Trigger as the Cash Manager may confirm in writing, provided that such period shall not be less than six months), and the relevant parties have not taken the required action (as described above) following the breach within the earlier to occur of (i) 10 Business Days from the date that the Sellers are notified of the breach of the Pre-Maturity Test and (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds such that by the end of such period, there shall be an amount equal to the Required Redemption Amount of that Series of Hard Bullet Covered Bonds standing to the credit of the Pre-Maturity Liquidity Ledger (after taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).

The proceeds from: (i) any Cash Capital Contributions made by the Members; (ii) any sale of the Selected Mortgage Loans and their Related Security; and (iii) any MRT Distributions resulting from the surrender of the LLP's beneficial interests in the related Reference Mortgage Reserves to the Seller or, as applicable, their sale by the Originator Trustee on the instructions of LLP, shall be deposited by the LLP in the GIC Account and credited to the relevant Pre-Maturity Liquidity Ledger. In certain circumstances, Revenue Receipts will also be available to repay a Hard Bullet Covered Bond. Failure by the Issuer to pay the full amount due in respect of a Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof will constitute an Issuer Event of Default.

If, following any sale of Selected Mortgage Accounts, the Originator Trustee fails to make a corresponding MRT Distribution in relation to any or all Reference Mortgage Reserves contained in such Mortgage Accounts in accordance with the terms of the Mortgage Reserve Originator Trust Deed, the LLP will be required to sell additional Selected Mortgage Loans in an amount equal to the relevant required MRT Distribution.

Following service of a Notice to Pay on the LLP, the LLP shall apply funds standing to the Pre-Maturity Liquidity Ledger to repay the relevant Series of Hard Bullet Covered Bonds.

If the Issuer fully repays the relevant Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof, cash standing to the credit of the Pre-Maturity Liquidity Ledger on the GIC Account shall be applied by the LLP in accordance with the Pre-Acceleration Principal Priority of Payments, unless:

- (a) the Issuer is failing the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case sufficient cash will remain on the Pre-Maturity Liquidity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds; or
- (b) the Issuer is not failing the Pre-Maturity Test, but the LLP Management Committee elects to retain the cash on the Pre-Maturity Liquidity Ledger in order to provide liquidity for any future Series of Hard Bullet Covered Bonds.

Amounts standing to the credit of the Pre-Maturity Liquidity Ledger following the repayment of the Hard Bullet Covered Bonds as described above may, except where the LLP Management Committee has elected or is required to retain such amounts on the Pre-Maturity Liquidity Ledger, also be used to repay the corresponding Term Advance and distribute any excess Available Principal Receipts back to the Members, subject to the LLP making provision for higher ranking items in the Pre-Acceleration Principal Priority of Payments.

#### **Asset Coverage Test**

The Asset Coverage Test is intended to ensure that the LLP can meet its obligations under the Covered Bond Guarantee and can pay any senior expenses (which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding). Under the LLP Deed, the LLP and its Members (other than the Liquidation Member) must ensure that, on each Calculation Date prior to the service of a Notice to Pay on the LLP, the Adjusted Aggregate Asset Amount will be in an amount equal to or in excess of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. If on any Calculation Date prior to the service of a Notice to Pay on the LLP, the Asset Coverage Test is not satisfied and such failure is not remedied on or before the next following Calculation Date, then an Issuer Event of Default will occur. The Asset Coverage Test is a calculation which adjusts the outstanding principal balance of each Mortgage Account in the Portfolio and involves further adjustments to take account of set-off on a Borrower's current or deposit accounts held with the Seller and any failure by the Seller, in accordance with the terms of the Mortgage Sale Agreement, to repurchase Mortgage Accounts that do not materially comply with the Representations and Warranties on the relevant Transfer Date.

See further "*Summary of the Principal Documents – LLP Deed – Asset Coverage Test*", above.

#### **Amortisation Test**

The Amortisation Test is intended to ensure that if, 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 realisation of the Security and/or the commencement of winding-up proceedings against the LLP), the assets of the LLP available to meet its obligations under the Covered Bond Guarantee and senior expenses (which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding) fall to a level where holders of the Covered Bonds 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 its Members (other than the Liquidation 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 Asset 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. The Amortisation Test involves in its calculations a formula which adjusts the outstanding principal balance of each Mortgage Account in the Portfolio and involves further adjustments to take account of Mortgage Accounts in arrears. See further "*Summary of the Principal Documents – LLP Deed – Amortisation Test*", above.

## **Reserve Fund**

The LLP will be required (unless Barclays Bank UK PLC's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P, F1+ by Fitch and P-1 by Moody's) to establish the Reserve Fund in the GIC Account which will be credited with Available Revenue Receipts up to an amount equal to the Reserve Fund Required Amount. The LLP will not be required to maintain the Reserve Fund following the occurrence of an Issuer Event of Default.

The Reserve Fund will be funded from Available Revenue Receipts after the LLP has paid all of its obligations in respect of items ranking higher than the Reserve Fund in the Pre-Acceleration Revenue Priority of Payments on each LLP Payment Date.

A Reserve Ledger will be maintained by the Cash Manager to record the balance from time to time of the Reserve Fund. Following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the LLP, amounts standing to the credit of the Reserve Fund will be added to certain other income of the LLP in calculating Available Revenue Receipts.

## CASHFLOWS

As described above under "*Credit Structure*", until a Notice to Pay or an 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.

This section summarises the Priorities of Payments of the LLP, as to the allocation and distribution of amounts standing to the credit of the LLP Accounts and their order of priority:

- (a) prior to an Issuer Event of Default and/or an LLP Event of Default;
- (b) following an Issuer Event of Default (but prior to an LLP Event of Default); and
- (c) following an LLP Event of Default,

all in accordance with the Deed of Charge, as applicable.

If the Transaction Accounts or the Swap Collateral Accounts, as applicable, are closed in accordance with the terms of the Account Bank Agreement, any payment to be made to or from the Transaction Accounts or the Swap Collateral Accounts shall, as applicable, be made to or from the GIC Account. No payment shall be made at all if such payment is expressed to be from the GIC Account to the Transaction Accounts or the Swap Collateral Accounts, as applicable.

### **Allocation and distribution of Available Revenue Receipts prior to the service of a Notice to Pay**

Prior to service of a Notice to Pay or an LLP Acceleration Notice on the LLP, Available Revenue Receipts will be allocated and distributed as described below.

On the Calculation Date immediately preceding each LLP Payment Date, the LLP or the Cash Manager on its behalf shall calculate (a) the amount of Available Revenue Receipts available for distribution on the immediately following LLP Payment Date and (b) the Reserve Fund Required Amount (if applicable).

### **Pre-Acceleration Revenue Priority of Payments**

On each LLP Payment Date, the LLP or the Cash Manager on its behalf will apply Available Revenue Receipts from the GIC Account and the Transaction Accounts, in an amount equal to the lower of (a) the amount required to make the payments described below and (b) the amount of Available Revenue Receipts.

Prior to service of a Notice to Pay or service of an LLP Acceleration Notice on the LLP and/or the realisation of the Security and/or the commencement of winding-up proceedings against the LLP, Available Revenue Receipts will be applied by or on behalf of the LLP on each LLP Payment Date (except for amounts due to third parties under paragraph (ii) below or Third Party Amounts which shall be paid when due and except for amounts constituting Swap Collateral Excluded Amounts, which shall be paid directly to the relevant Swap Provider) in making the following payments and provisions (the "**Pre-Acceleration Revenue Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (i) *first*, in or towards satisfaction of any amounts due and payable by the LLP to third parties and incurred without breach by the LLP of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in the relevant Priorities of Payments) and to provide for any such amounts expected to become due and payable by the LLP in the immediately succeeding LLP Payment Period;
- (ii) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (a) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement in the immediately succeeding

- LLP Payment Period, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
- (b) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement in the immediately succeeding LLP Payment Period, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
  - (c) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
  - (d) amounts due and payable to the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement together with applicable VAT (or other similar taxes) thereon as provided therein;
  - (e) amounts due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement (other than the amounts referred to in paragraph (x) below), together with applicable VAT (or other similar taxes) thereon to the extent provided therein; and
  - (f) amounts (if any) due and payable to the FCA in respect of fees owed to the FCA under the RCB Regulations (other than the initial registration fees, plus any applicable VAT or similar taxes thereon);
- (iii) *third*, in or towards payment of any amounts due or to become due and payable to the TRS Provider *pro rata* and *pari passu* in respect of the TRS (including any termination payment due and payable by the LLP under the TRS, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement TRS Provider) pursuant to the terms of the Swap Agreement;
  - (iv) *fourth*, in or towards payment of any amounts due or to become due and payable (other than in respect of principal) to the Covered Bond Swap Provider *pro rata* and *pari passu* in respect of any relevant Covered Bond Swaps (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Covered Bond Swap Providers) pursuant to the terms of the relevant Swap Agreement;
  - (v) *fifth*, towards a credit to the Reserve Ledger or the GIC Account of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Calculation Date;
  - (vi) *sixth*, if the LLP is required to make a deposit to the Pre-Maturity Liquidity Ledger, towards a credit to the Pre-Maturity Liquidity Ledger of an amount equal to (A) the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds calculated as at the immediately preceding Calculation Date, *less* (B) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger as at the immediately preceding Calculation Date after having deducted the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as such relevant Series of Hard Bullet Covered Bonds referred to in sub-paragraph (A) above;
  - (vii) *seventh*, if an Administrator Event of Default has occurred, all remaining Available Revenue Receipts to be credited to the GIC Account (with a corresponding credit to the Revenue Ledger) until such Administrator Event of Default is either remedied by the Administrator or waived by the Security Trustee or a replacement administrator is appointed to service the Mortgage Loan Portfolio (or the relevant part thereof);
  - (viii) *eighth*, to pay *pro rata* and *pari passu*, according to the respective amounts thereof on each Interest Payment Date only, any amounts due and payable (excluding principal amounts due and payable) on each Interest Payment Date falling prior to the next following LLP Payment Date to the Issuer pursuant to the terms of the Intercompany Loan Agreement;

- (ix) *ninth*, payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the LLP under the Swap Agreements;
- (x) *tenth*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any indemnity amount due to the Asset Monitor pursuant to the Asset Monitor Agreement, and any indemnity amount due to the Members pursuant to the LLP Deed;
- (xi) *eleventh*, to pay and discharge any liability of the LLP for taxes;
- (xii) *twelfth*, to pay any Negative Interest Indemnity Amounts to the Standby Account Bank in accordance with the terms of the Standby Account Bank Agreement;
- (xiii) *thirteenth*, in or towards payment *pro rata* and *pari passu* to the Members of the sum of £3,000 (or such higher sum as may be agreed by the Members from time to time) in aggregate per annum, to be allocated and paid to each Member in proportion to their respective Capital Contribution Balances as at the immediately preceding Calculation Date, **provided always that** a minimum of £400 per annum is allocated to the Liquidation Member, in which case each of the Members' proportion of the allocation of such sum shall be reduced accordingly, as their respective profit for their respective interest as Members of the LLP; and
- (xiv) *fourteenth*, in or towards payment of (a) the then Deferred Purchase Price Amount due to the Seller for the transfer of the Mortgage Loans and their Related Security to the LLP and (b) the Deferred MRT Contribution amount due to the Originator Trustee pursuant to the Mortgage Reserve Originator Trust Deed,

**provided that** if an LLP Payment Date is not the same as an Interest Payment Date, Available Revenue Receipts will be applied initially on the Interest Payment Date in payment of any amount due to the Covered Bond Swap Providers under paragraph (iv) above but only to the extent that adequate provision is made for any payments of a higher priority to be made in full on the immediately succeeding LLP Payment Date.

#### **Allocation and Distribution of Principal Receipts prior to service of a Notice to Pay**

Prior to service on the LLP 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, Principal Receipts will be allocated and distributed as described below.

On each Calculation Date, the LLP or the Cash Manager on its behalf will calculate the amount of Available Principal Receipts available for distribution on the immediately following LLP Payment Date.

On each LLP Payment Date, the LLP or the Cash Manager on its behalf will apply funds from the GIC Account and the Transaction Accounts, in an amount equal to the lower of (a) the amount required to make the payments or credits described below and (b) the amount of all Available Principal Receipts standing to the credit of the GIC Account.

If an LLP Payment Date is the same as an Interest Payment Date or a Final Maturity Date, then the distribution of Available Principal Receipts under the Pre-Acceleration Principal Priority of Payments will be delayed until the Issuer has made scheduled interest and/or principal payments on that Interest Payment Date or Final Maturity Date, as applicable, unless payment is made by the LLP directly to the Bond Trustee (or the Principal Paying Agent at the direction of the Bond Trustee).

#### **Pre-Acceleration Principal Priority of Payments**

Prior to service on the LLP 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, all Available Principal Receipts (other than Swap Collateral Excluded Amounts due to the Swap Provider by the LLP under the relevant Swap Agreement which shall be paid directly to the relevant Swap Provider) will be applied by or on behalf of the LLP on each LLP Payment Date in making the following payments and provisions (the "**Pre-Acceleration Principal Priority of Payments**"):

- (i) *first*, if the Pre-Maturity Test has been failed by the Issuer in respect of any Series of Hard Bullet Covered Bonds, to credit all Principal Receipts *pro rata* to each such Series' Pre-Maturity

Liquidity Ledger in an amount in respect of such Series' Pre-Maturity Liquidity Ledger up to but not exceeding the difference between:

- (a) the Required Redemption Amount calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and
  - (b) any amounts standing to the credit of such Series' Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after having deducted the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as such relevant Series of Hard Bullet Covered Bonds;
- (ii) *second*, to make an Additional MRT Contribution to the Originator Trustee pursuant to the Mortgage Reserve Originator Trust Deed in respect of any increase in the aggregate Mortgage Reserve Account Balance of the Reference Mortgage Reserves in the Reference Mortgage Reserve Portfolio (in an amount equal to the aggregate Mortgage Account Debt Principal Balancing Amount for the relevant Reference Mortgage Reserves);
- (iii) *third*, to acquire New Mortgage Loans and their Related Security offered to the LLP by the Seller in accordance with the terms of the Mortgage Sale Agreement in an amount sufficient to ensure that taking into account the other resources available to the LLP, the LLP is in compliance with the Asset Coverage Test and to make a corresponding Additional MRT Contribution to the Originator Trustee pursuant to the Mortgage Reserve Originator Trust Deed and thereafter to acquire Substitution Assets;
- (iv) *fourth*, to deposit the remaining Principal Receipts in the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, taking into account the other resources available to the LLP, the LLP is in compliance with the Asset Coverage Test;
- (v) *fifth*, in or towards repayment on the LLP Payment Date (or to provide for repayment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine) of the corresponding Term Advance related to such Series of Covered Bonds by making the following payments:
- (a) the amounts (in respect of principal) due or to become due and payable to the relevant Swap Providers *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payments (other than Excluded Swap Termination Amounts) to the extent not paid out of the Pre-Acceleration Revenue Priority of Payments) in accordance with the terms of the relevant Swap Agreement; and
  - (b) (where appropriate, after taking into account any amounts in respect of principal receivable from a Swap Provider on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine) the amounts (in respect of principal) due or to become due and payable to the Issuer *pro rata* and *pari passu* in respect of each relevant Term Advance; and
- (vi) *sixth*, subject to complying with the Asset Coverage Test, to make a Capital Distribution to BBUKPLC (in its capacity as a Member) by way of distribution of its equity in the LLP in accordance with the LLP Deed.

**Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay**

At any time after service of a Notice to Pay on the LLP, but prior to service of an LLP Acceleration Notice and/or the realisation of the Security and/or the commencement of winding-up proceedings against the LLP, all Available Revenue Receipts and Available Principal Receipts (other than Third Party Amounts and Swap Collateral Excluded Amounts) will be applied as described below under "*Guarantee Priority of Payments*" below.

On each LLP Payment Date, the LLP or the Cash Manager on its behalf will apply Available Revenue Receipts and Available Principal Receipts from the GIC Account, in an amount equal to the lower of (a) the amount required to make the payments set out in the *Guarantee Priority of Payments* and (b) the



amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of the GIC Account.

The LLP will create and maintain ledgers for each Series of Covered Bonds and record amounts allocated to such Series of Covered Bonds in accordance with paragraph (v) of the "*Guarantee Priority of Payments*" below, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the Swaps in respect of the relevant Series of Covered Bonds on the scheduled repayment dates thereof.

### **Guarantee Priority of Payments**

If a Notice to Pay is served on the LLP in connection with the Pre-Maturity Test (as set out in the LLP Deed), the LLP shall, on the relevant Final Maturity Date, apply all moneys standing to the credit of the Pre-Maturity Liquidity Ledger to repay the relevant Series of Hard Bullet Covered Bonds in accordance with the LLP Deed (as described in "*Credit Structure – Pre-Maturity Liquidity*" above). Subject thereto on each LLP Payment Date after the service of a Notice to Pay on the LLP (but prior to the occurrence of an LLP Event of Default), the LLP or the Cash Manager on its behalf will apply Available Revenue Receipts and Available Principal Receipts (excluding Swap Collateral Excluded Amounts due to the Swap Provider by the LLP under the relevant Swap Agreement which shall be paid directly to the relevant Swap Provider) to make the following payments and provisions in the following order of priority (the "**Guarantee Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (i) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (a) all amounts due and payable or to become due and payable to the Bond Trustee in the immediately succeeding LLP Payment Period under the provisions of the Trust Deed together with interest and applicable VAT (or other similar taxes) thereon as provided therein;
  - (b) all amounts due and payable or to become due and payable to the Security Trustee in the immediately succeeding LLP Payment Period under the provisions of the Deed of Charge together with interest and applicable VAT (or other similar taxes) thereon as provided therein;
- (ii) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (a) any remuneration then due and payable to the Agents under the provisions of the Agency Agreement together with applicable VAT (or other similar taxes) thereon as provided therein; and
  - (b) any amounts then due and payable by the LLP to third parties and incurred without breach by the LLP of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any such amounts expected to become due and payable by the LLP in the immediately succeeding LLP Payment Period;
- (iii) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (a) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator in the immediately succeeding LLP Payment Period under the provisions of the Administration Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
  - (b) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding LLP Payment Period under the provisions of the Cash

Management Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

- (c) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
  - (d) amounts due and payable to the Corporate Services Provider pursuant to the Corporate Services Agreement together with applicable VAT (or similar taxes) thereon as provided therein;
  - (e) amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (xii) below) pursuant to the terms of the Asset Monitor Agreement and amounts due and payable to the Asset Pool Monitor pursuant to the terms of the Asset Pool Monitor Agreement, together with applicable VAT (or other similar taxes) thereon as provided therein; and
  - (f) amounts (if any) due and payable to the FCA in respect of fees owed to the FCA under the RCB Regulations (other than the initial registration fees, plus any applicable VAT or similar taxes thereon);
- (iv) *fourth*, to pay the amounts due and payable to the TRS Provider *pro rata* and *pari passu* (including any termination payment due and payable by the LLP under the TRS but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Swap Agreement; and
- (v) *fifth*, to pay *pro rata* and *pari passu* according to the respective amounts thereof:
- (a) the amounts due and payable to the Covered Bond Swap Provider (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreements but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
  - (b) to the extent not covered by sub-paragraph (a) above, to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the holders of the Covered Bonds *pro rata* and *pari passu* Scheduled Interest that is Due for Payment (or will become Due for Payment in the immediately succeeding LLP Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds,

**provided that** if the amount available for distribution under this paragraph (v) (excluding any amounts received from the Covered Bond Swap Provider under sub-paragraph (a) above) would be insufficient to pay the Sterling Equivalent of the Scheduled Interest that is Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (b) above, the shortfall shall be divided among all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Swap Provider in respect of each relevant Series of Covered Bonds under sub-paragraph (a) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (vi) *sixth*, to pay *pro rata* and *pari passu* according to the respective amounts thereof:
- (a) the amounts due and payable to the Covered Bond Swap Provider (in respect of principal) *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds in accordance with the terms of the relevant Covered Bond Swap Agreement; and
  - (b) to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the holders of the Covered Bonds *pro rata* and *pari passu* Scheduled Principal that is Due for Payment (or will become Due for Payment in the immediately succeeding LLP Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds,

**provided that** if the amount available for distribution under this paragraph (vi) (excluding any amounts received from the Swap Provider) would be insufficient to pay the Sterling Equivalent of the Scheduled Principal that is Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (b) above, the shortfall shall be divided among all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Swap Provider in respect of each relevant Series of Covered Bonds under sub-paragraph (a) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(vii) *seventh*, in respect of any Series of Covered Bonds to which an Extended Due for Payment Date applies and whose Final Redemption Amount was not paid in full by the Extension Determination Date (the "**Extended Covered Bonds**") and any relevant Covered Bond Swap in respect thereof, on a *pro rata* and *pari passu* basis according to the respective amounts thereof:

- (a) to pay the amounts due and payable to the Covered Bond Swap Provider (in respect of principal) *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds in accordance with the terms of the relevant Covered Bond Swap Agreement; and
- (b) to pay to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the holders of the Covered Bonds *pro rata* and *pari passu* the Final Redemption Amount or the relevant portion thereof pursuant to the Covered Bond Guarantee in respect of each relevant Series of Extended Covered Bonds,

**provided that** if the amount available for distribution under this paragraph (vii) (excluding any amounts received or to be received from the Swap Provider) would be insufficient to pay the Sterling Equivalent of the Final Redemption Amount in respect of each relevant Series of Covered Bonds under sub-paragraph (b) above, the shortfall shall be divided among all such Series of Extended Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the Swap Provider under each relevant Covered Bond Swap Agreement in respect of each relevant Series of Extended Covered Bonds under sub-paragraph (a) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(viii) *eighth*, to deposit the remaining moneys in the GIC Account for application on the following LLP Payment Date in accordance with the priority of payments described in paragraphs (i) to (vii) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);

(ix) *ninth*, to make an Additional MRT Contribution to the Originator Trustee pursuant to the Mortgage Reserve Originator Trust Deed in respect of any increase in the aggregate Mortgage Reserve Account Balance of the Reference Mortgage Reserves in the Reference Mortgage Reserve Portfolio;

(x) *tenth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amount due and payable by the LLP to the relevant Swap Provider under the relevant Swap Agreement;

(xi) *eleventh*, after the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds), any remaining moneys will be applied in and towards repayment in full of amounts outstanding under the Intercompany Loan Agreement (for the avoidance of doubt, the amounts owed by the LLP to the Issuer under the Term Advances will be reduced *pro tanto* by any amounts paid or provided for by the LLP under the terms of the Covered Bond Guarantee to repay the Covered Bonds);

(xii) *twelfth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any indemnity amount due to the Members pursuant to the LLP Deed and certain costs, expenses and indemnity amounts due by the LLP to the Asset Monitor pursuant to the Asset Monitor Agreement;

- (xiii) *thirteenth*, to pay any Negative Interest Indemnity Amounts to the Standby Account Bank in accordance with the terms of the Standby Account Bank Agreement;
- (xiv) *fourteenth*, to pay and discharge any liability of the LLP for taxes; and
- (xv) *fifteenth*, thereafter any remaining moneys will be applied in accordance with the LLP Deed.

**Application of moneys received by the Security Trustee following the occurrence of an LLP Event of Default and enforcement of the Security**

Under the terms of the Deed of Charge, all moneys received or recovered by the Security Trustee (or a Receiver appointed on its behalf) (excluding all amounts due or to become due in respect of any Third Party Amounts and excluding Swap Collateral Excluded Amounts due to the Swap Providers by the LLP under the relevant Swap Agreement which shall be paid directly to the relevant Swap Provider) will be applied following the enforcement of the Security in the following order of priority (the "**Post-Enforcement Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (i) *first*, in or towards satisfaction of any expenses then due and payable and which are permitted by Regulations 27, 28 and/or 29 of the RCB Regulations to be paid in priority to the amounts identified as payable under item (ii) below and, in respect of such expenses, such expenses to be paid between themselves in the priority and to the extent permitted by Regulations 27, 28 and/or 29 of the RCB Regulations, as applicable, and, in addition, in or towards satisfaction, on a similar basis, of any expenses arising under any or in respect of any Covered Bonds not regulated by the RCB Regulations at such time, but only to the extent that such expenses would be permitted to be paid in such priority under Regulations 27, 28 and/ or 29 of the RCB Regulations if such Covered Bonds had been so regulated by the RCB Regulations, and only to the extent then also permitted by relevant law;
- (ii) *second*, to the extent not already paid under item (i) above, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof:
  - (a) all amounts due and payable or to become due and payable to:
    - (A) the Bond Trustee under the provisions of the Trust Deed together with interest and applicable VAT (or other similar taxes) thereon as provided therein; and
    - (B) the Security Trustee and any Receiver appointed by the Security Trustee under the provisions of the Deed of Charge together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein;
  - (b) any remuneration then due and payable to the Agents under or pursuant to the Agency Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
  - (c) amounts in respect of:
    - (A) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
    - (B) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
    - (C) amounts due to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein; and

- (D) amounts (including costs and expenses) due to the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
- (d) amounts due and payable to the TRS Provider *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds (including any termination payment due and payable by the LLP under the TRS but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Swap Agreement; and
- (e) all amounts due and payable:
  - (A) to each relevant Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds (excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Swap Agreement; and
  - (B) to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the holders of the Covered Bonds *pro rata* and *pari passu*, Scheduled Interest and Scheduled Principal that is Due for Payment (or will become Due for Payment in the immediately succeeding LLP Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds,

**provided that** if the amount available for distribution under this sub-paragraph (e) (excluding any amounts received from the Covered Bond Swap Provider under sub-paragraph (A) above) would be insufficient to pay the Sterling Equivalent of the Scheduled Interest and Scheduled Principal that is Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (B) above, the shortfall shall be divided among all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Swap Provider in respect of each relevant Series of Covered Bonds under sub-paragraph (A) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (iii) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the LLP to the relevant Swap Provider under the relevant Swap Agreement;
- (iv) *fourth*, after the Covered Bonds have been fully repaid, any remaining moneys shall be applied in or towards repayment in full of all amounts outstanding under the Intercompany Loan Agreement;
- (v) *fifth*, to pay any Negative Interest Indemnity Amounts to the Standby Account Bank in accordance with the Standby Account Bank Agreement;
- (vi) *sixth*, towards payment of any indemnity amount due to the Members pursuant to the LLP Deed; and
- (vii) *seventh*, thereafter any remaining moneys shall be applied in or towards payment to the Members pursuant to the LLP Deed.

## THE MORTGAGE ACCOUNTS AND THE PORTFOLIO

The Initial Mortgage Loan Portfolio and each New Mortgage Loan Portfolio acquired by the LLP (the "**Mortgage Loan Portfolio**") will consist of Mortgage Loans and their Related Security sold by the Seller (and, prior to the RFTS Effective Date, by Barclays Bank PLC) to the LLP from time to time, in accordance with the terms of the Mortgage Sale Agreement. See also the following risk factors under "*Risk Factors – Risk Factors relating to the LLP – Limited description of the Portfolio*". Monthly information in respect of the Mortgage Loan Portfolio is available to investors as set out in paragraph 2 under "*General Information*". References to the "Seller" in this section are to Barclays Bank PLC prior to the RFTS Effective Date and BBUKPLC following the RFTS Effective Date.

### **Mortgage products offered by the Seller**

The Seller offers a variety of fixed rate, variable rate, tracker rate, discounted rate and hybrid mortgage products to Borrowers. The Seller may sell to the LLP any of the following of its mortgage products, which, in each case, may comprise one, or a combination of, the following:

- (a) Mortgage Loans which track and are subject to a rate linked to the Bank of England's base rate for the life of the Mortgage Loan ("**Tracker Rate Mortgage Loans**");
- (b) Mortgage Loans which track and are subject to the Barclays Standard Variable Rate for the life of the Mortgage Loan ("**Standard Variable Rate Mortgage Loans**");
- (c) Mortgage Loans which are subject to a fixed interest rate for a specified period of time (usually a period of two, three, five or ten years) and at the expiration of that period are generally subject to a rate linked to the Barclays Standard Variable Rate or a tracker rate ("**Fixed Rate Mortgage Loans**"); and
- (d) Tracker Rate Mortgage Loans or Standard Variable Rate Mortgage Loans which are subject to a discount for a specified period of time (usually a period between 12 and 24 months) and at the expiration of that period are generally subject to a rate linked to the Bank of England's base rate or the Barclays Standard Variable Rate (as applicable) ("**Discounted Variable Rate Mortgage Loans**").

It should however be noted that all Mortgage Reserves associated with a Mortgage Loan will be subject either to the Barclays Standard Variable Rate or to a rate linked to the Bank of England's base rate.

Certain Mortgage Loans have an additional feature of being economically linked to a Borrower's current and/or savings accounts with BBUKPLC where a Borrower may offset any credit balances in their current and/or savings account against money owed on their Mortgage Loan. Under an Offset Mortgage Loan, the Seller will not charge the Borrower interest in relation to amounts outstanding under that Mortgage Loan to the extent such amounts equal the credit balances of the Borrower's current and/or savings account, and the Borrower shall not earn any equivalent amount of interest on those credit balances of their current and/or savings account. Offset Mortgage Loans are currently only available on Tracker Rate Mortgage Loans. Although Offset Mortgage Loans would constitute a New Loan Type and do not at present form part of the Portfolio, Covered Bondholders should note that the Issuer may sell Offset Mortgage Loans to the LLP in the future, subject to obtaining the necessary regulatory approvals.

### ***Key features of the Mortgage Accounts***

The Mortgage Accounts have the following key features:

- (a) a Mortgage Loan may be for the purposes of purchase and remortgage (including release of equity) and home improvement;
- (b) a Mortgage Reserve may be utilised for any purpose by the Borrower (including the payment of any amounts then due on the Mortgage Loan);
- (c) they are available to owner occupiers only. No Mortgage Loan in the Mortgage Loan Portfolio will be secured over a property used solely as a commercial property, guarantor, right to buy, or secured only by a second charge or will have been originated as a "buy to let" mortgage product;

- (d) interest rates on the Mortgage Loan can be a combination of fixed and variable rate (which may be discounted or capped for an initial period), with the interest rate on the associated Mortgage Reserve being at either a rate linked to the Barclays Standard Variable Rate or the Bank of England's base rate;
- (e) when any fixed rate or discounted rate finishes, the rate on the Mortgage Loan will generally revert to the then standard variable rate or a rate linked to the Bank of England's base rate;
- (f) certain Mortgage Loans enable a Borrower to take out a Further Advance up to the then permitted LTV (when aggregated with the then Current Balance), subject to customer status, lending and product criteria;
- (g) the Mortgage Reserves are subject to a Mortgage Reserve Credit Limit and Mortgage Reserve Credit and Aggregate Debt Limit;
- (h) a Borrower may move a mortgage product to a new property (each such move is known as a "port"). In porting, the Borrower will retain any product features and the term that remains outstanding on the product;
- (i) for certain types of Mortgage Loan, early repayment charges may be applicable;
- (j) most products contain an option under which the Borrower may repay a fixed amount of the outstanding balance of the Mortgage Loan in any year without incurring an early repayment charge;
- (k) either regularly or as a lump sum, overpayments may be made on any portion of a Mortgage Loan;
- (l) some Mortgage Loans allow for lump sum payments to be made which may be capped to a specific annual amount or multiple amounts according to each product type;
- (m) interest on a Mortgage Loan and a Mortgage Reserve is accrued daily; and
- (n) the Seller reserves the right to amend the Mortgage Conditions from time to time.

#### ***Repayment terms of the Mortgage Loans***

Borrowers typically make payments of interest and repay principal on their Mortgage Loans using one of the following two methods or a combination of both:

- (a) Mortgage Loans where the Borrower makes monthly payments of both interest and principal so that, when the Mortgage Loan is scheduled to mature, the Borrower will have repaid the full amount of the principal of the Mortgage Loan ("**Repayment Mortgage Loans**"); and
- (b) Mortgage Loans where the Borrower makes monthly payments of interest but not of principal. When the Mortgage Loan matures, the entire principal amount of the Mortgage Loan is still outstanding and the Borrower must repay that amount in one lump sum ("**Interest Only Mortgage Loans**").

Borrowers have the flexibility to switch from an Interest Only Mortgage Loan to a Repayment Mortgage Loan and vice versa subject to any requirements that BBUKPLC may have at the time. Prior to a Borrower switching from a Repayment Mortgage Loan to an Interest Only Mortgage Loan, the Borrower may be required to confirm that such Borrower has put in place appropriate investment plans or other repayment mechanisms so as to provide it with sufficient sums to repay the relevant principal amount due at the end of the term of the Mortgage Loan. It has to be noted though that a switch from an Interest Only Mortgage Loan to a Repayment Mortgage Loan is considered a Product Switch and will be repurchased at the option of the Seller.

The required Monthly Payment due on each Monthly Payment Date in connection with Repayment Mortgage Loans or Interest Only Mortgage Loans may vary from month to month for various reasons, including changes in interest rates.

All Borrowers in respect of the Mortgage Loans in the Mortgage Loan Portfolio may make monthly payments to the Seller by direct debit, standing order or cheque.

### ***Operation of the Mortgage Reserves***

Under each of the types of Mortgage Loan described above, the Borrower is no longer required to open a bank account with the Seller or link an existing and qualifying current account (the "**Mortgage Reserve Account**") to the Mortgage Loan. The Seller may, in accordance with the terms of the Mortgage Conditions, grant the Borrower a secured overdraft facility (the "**Mortgage Reserve**") operated from such Mortgage Reserve Account.

The Mortgage Reserve Accounts are intended to be flexible and to be used by the Borrowers for day to day activities (given the various manners in which the Borrowers may draw from such account as provided below). Although the Mortgage Reserve Account is structured like a current account, it is not subject to the day to day activity of a typical current account and accordingly, Borrowers have tended historically to draw on the Mortgage Reserve Account for large expenses (for example, redecorating their property or buying a car), although no assurance is given that the Borrowers will not use such Mortgage Reserve Account in other ways.

It should be noted that a Mortgage Reserve operates as a standard overdraft facility for the Borrower in that:

- (a) the Borrower is permitted, in normal circumstances, to withdraw amounts from the Mortgage Reserve, at any time, (but only up to the then applicable Mortgage Reserve Credit Limit) and the Borrower has the ability to do so by way of cheque, debit card, direct debits and/or telephone or internet banking, ATM machines and bank branches;
- (b) the Borrower may also credit amounts from time to time to the Mortgage Reserve Account (and thus to the Mortgage Reserve) so as to reduce the Mortgage Reserve Account Balance, however there is no requirement for the Borrower to do so, at any time, (other than when the Mortgage Reserve Account Balance is in excess of the then applicable Mortgage Reserve Credit Limit, when the Mortgage Loan matures or otherwise terminates and is required to be repaid in full or if the Seller demands the Mortgage Reserve to become immediately repayable); and
- (c) the Seller will charge interest on any Mortgage Reserve Account Balance outstanding from time to time and as calculated on a daily basis and charged monthly, or, as applicable, quarterly, however there is no obligation on the Borrower to make a physical payment with respect to such interest charge (other than when the Mortgage Reserve Account Balance is in excess of the then Mortgage Reserve Credit Limit, when the Mortgage Loan matures or otherwise terminates and is required to be repaid in full or if the Seller demands the Mortgage Reserve to become immediately repayable) and; therefore, any interest charge will normally add to and increase the then Mortgage Reserve Account Balance.

At the time of origination, the Seller will determine, by reference to an agreed LTV, the Mortgage Reserve Credit Limit and also the aggregate amount of debt that can be outstanding on the Mortgage Loan and the associated Mortgage Reserve at any one time (the "**Mortgage Reserve Credit and Aggregate Debt Limit**").

In relation to the above limits, it should be noted that: (i) Borrowers (despite not being authorised to do so) may from time to time draw further amounts from the Mortgage Reserve in excess of such agreed limits; and (ii) the charge of Mortgage Reserve Interest on such Mortgage Reserve may also take the Mortgage Reserve Account Balance above such agreed limits. If such amounts are not repaid promptly by the Borrower to rectify such breach of the lending terms, this will cause the Related Security in respect of the Mortgage Account to become enforceable.

Upon application by a Borrower, subject to certain conditions, the Seller may, from time to time, allow the Mortgage Reserve Credit and Aggregate Debt Limit to increase thereby also resulting in an increase in the Mortgage Reserve Credit Limit for the relevant Mortgage Reserve. Mortgage Loans that have been subject to a Mortgage Reserve Credit and Aggregate Debt Limit increase will be repurchased at the option of the Seller.



Payments of principal (whether scheduled or in respect of overpayments) may also increase a Borrower's Mortgage Reserve Credit Limit on the applicable Mortgage Reserve. However, it should be noted that such payment does not itself increase the Mortgage Reserve Credit and Aggregate Debt Limit on the Mortgage Account.

In addition, the Mortgage Reserve Credit Limit of a Borrower's Mortgage Reserve may decrease if the associated Mortgage Loan is in arrears in relation to amounts of principal, interest, fees and/or other amounts due and payable.

The Seller has the right to reduce the Mortgage Reserve Credit Limit and the Mortgage Reserve Credit and Aggregate Debit Limit on any Mortgage Account, at any time, and at its sole discretion (subject to providing the Borrower with 14 days' written notice).

From January 2013 onwards, Barclays Bank PLC stopped originating mortgage loans with the associated Mortgage Reserve facility.

### ***Mortgage Reserve Interest***

Interest shall also be charged by the Seller to a Borrower in relation to amounts outstanding on a Mortgage Reserve Account (such interest being Mortgage Reserve Interest); any such amounts charged to a Mortgage Reserve Account will automatically increase the Mortgage Reserve Account Balance. The rate of interest charged by the Seller to a Borrower on a Mortgage Reserve Account is the Barclays Standard Variable Rate or a rate linked to the bank of England's base rate and is maintained, determined or set in the same way as variable rates for Mortgage Loans.

### ***Early repayment charges***

If a Discounted Variable Rate Mortgage Loan, a Fixed Rate Mortgage Loan, a Tracker Rate Mortgage Loan or a Standard Variable Rate Mortgage Loan is partially or fully redeemed during the early repayment charge period as set out in the applicable Mortgage Conditions, the relevant Borrower will be subject to an early repayment charge.

### ***Product switches***

From time to time, Borrowers may request or the Seller may offer, in limited circumstances, a variation in the Mortgage Conditions applicable to the Borrower's Mortgage Account. Such a variation may constitute a Product Switch which, if agreed to by the Seller in its sole discretion, will require the Seller to repurchase the relevant Mortgage Loan as more fully described at "*Summary of the Principal Documents – Mortgage Sale Agreement*".

### ***Security in respect of the Mortgage Accounts***

Each Mortgage Loan and any associated Reference Mortgage Reserve is secured by a charge by way of a first ranking legal mortgage over a residential property in England or Wales or a first ranking standard security over a residential property in Scotland or a first ranking mortgage (in the case of unregistered land) or a first ranking charge (in the case of registered land) over a residential property in Northern Ireland. Each Mortgage Loan and associated Mortgage Reserve secured over a property located in England or Wales is subject to English law, each Mortgage Loan and associated Mortgage Reserve secured over a property located in Scotland is subject to Scots law and each Mortgage Loan and associated Mortgage Reserve secured over a property located in Northern Ireland is subject to Northern Irish law.

A proportion of the Mortgage Loans in the Mortgage Loan Portfolio are or will be secured over properties in Scotland. Under Scots law, the only means of creating a fixed charge or a fixed security interest over heritable property is the statutorily prescribed standard security. In relation to the Scottish Mortgage Loans, references in this base prospectus to a "mortgage" are to be read as references to such standard security and references to a "mortgagee" are to be read as references to the security holder (under Scots law, termed the "heritable creditor").

A proportion of the Mortgage Loans in the Mortgage Loan Portfolio are or will be secured over properties in Northern Ireland. Under Northern Irish law, a security interest over land is created by way of a mortgage (in the case of unregistered land) or a charge (in the case of registered land). In relation to the

Northern Irish Mortgage Loans, references in this base prospectus to a "mortgage" are to be read as references to such mortgage or charge, and references to a "mortgagee" are to be read as references to the security holder.

In practice, the Seller has advanced and intends to advance Mortgage Loans on a similar basis in England and Wales, Northern Ireland and Scotland. Whilst there are certain differences in law and procedure in connection with the enforcement and realisation of Scottish Mortgages and Northern Irish Mortgages, the Seller does not consider that these differences make Scottish Mortgages or Northern Irish Mortgages significantly different or less effective than the English Mortgages.

### **Origination of the Mortgage Accounts**

The Seller currently derives its mortgage lending business from the following sources:

- (a) mortgage intermediaries, all of which must be FCA registered; and
- (b) directly from Borrowers.

In each case, the Seller performs all the evaluations of the Borrower and determines whether a Mortgage Account will be offered.

The Seller competes mainly in the prime residential UK mortgage market, targeting in particular remortgage customers with low loan to value ratio and those with whom it has an existing relationship through their current account holding. Recently the Seller has continued its focus on this section of the UK residential mortgage market, although the Seller continuously reviews its business strategy to reflect changes in the UK residential mortgage market and economic environment, and continues to review, *inter alia*, its level of mortgage reserve drawings for new customers, its loan to value threshold both for new and further lending, its affordability rules and its credit score requirements.

### ***Underwriting***

The Seller uses an automated mortgage scoring system for all mortgage applications, so as to assist in deciding whether or not to offer a Mortgage Loan to a potential Borrower. Mortgage applications are also assessed manually by the Seller's underwriters which is particularly important for larger or more complex loans. The Seller has established various levels of authority for its manual underwriters who approve Mortgage Loan applications depending on each underwriter's grade and experience. This includes a specific high value lending team, which reviews all applications where total residential mortgage exposure, including the loan being applied for, is > £2,500,000. The Seller's credit committee ensures that any such referral or appeal decisions are investigated by the manual underwriters who, in line with the Seller's credit policy guidelines, assess all aspects of the case before making a final reject or accept decision.

Mortgage applications may also be assessed by certain underwriters who have participated in a formal training programme and who have been given a mandate to approve a Mortgage Loan for which a potential Borrower who has held a Barclays Bank PLC current account for more than six months has attained a pre-approved mortgage limit ("**PAML**") on the initial credit review. Barclays Bank PLC stopped carrying out PAML lending since early 2012.

For applications which have a low loan to value ratio and also meet or exceed a specified credit score, there is no requirement for the underwriter to manually carry out credit risk checks on the application, and different criteria apply. This underwriting process is called "**Fast Track Lending**". The Seller stopped carrying out Fast Track Lending in October 2012.

The Seller continually reviews the way in which it conducts its mortgage origination business in order to ensure that it remains up to date and cost effective in a highly competitive market. The Seller may therefore change its origination processes from time to time. However, the Seller will retain exclusive control over the underwriting policies and Lending Criteria to be applied to the origination of each Mortgage Loan. The Seller's underwriting and processing of Mortgage Loans are independent from the process by which the Seller's Mortgage Loans are originated.

### *Lending criteria*

Each Mortgage Account was, or, as the case may be, will be, originated according to the Seller's Lending Criteria applicable at the time the Mortgage Account was offered or will be offered. The Lending Criteria as of the date of this Base Prospectus are the same as, or substantially similar to, the criteria described in this section. However, the Seller retains the right to revise its Lending Criteria from time to time. Accordingly, the criteria applicable to New Mortgage Loans may not be the same as those used as of the date of this Base Prospectus.

The Borrower is required to provide certain information to the Seller, including information about the applicant's income, current employment details, bank account information, current mortgage information, if any, and present credit commitments (including any known future credit commitments) and certain other personal information. The Seller completes a credit reference agency search using Strategy Manager software (which is, at the date of this base prospectus, provided by Experian Ltd) in all cases against each applicant for all addresses in the past three years, which gives details of public information, including any county court judgments and details of any bankruptcy and a credit score is returned for each applicant.

Some of the factors currently used in making a lending decision are as follows:

#### *Income details*

All applicants must have their income verified. Proof of income is obtained (e.g. pay slips, form P60, bank statements etc. or a mixture of signed trading accounts, HMRC tax statements and HMRC tax year overviews for self-employed applicants, as appropriate) for all mortgage applicants. Income is initially verified at point of sale before an application is submitted for review. Income verification accredited mortgage advisors are able to validate the income presented to them for applications where the borrower is not self-employed. Once an application has been submitted, if the customer's income is not already verified by a mortgage advisor, it will be verified either electronically using bureau based credit turnover data (which as at the date of this base prospectus, is provided by TransUnion Information Group), or manually by an underwriter through review of supporting documentation.

#### *Valuation*

For all transactions with a loan to value ratio of greater than 80 per cent., a valuation of the property is required from the Seller's in-house valuation department or from an independent firm of professional valuers selected from a panel of approved valuers. Details of professional indemnity insurance held by panel valuers are retained. The person underwriting/processing the mortgage application reviews the valuation report to ensure that the property will be suitable security for the proposed Mortgage Loan. A revaluation of the property generally does not occur after origination, and there will be no revaluation of any property for the purpose of the issue of any series of notes. Automated valuations may be used for residential mortgages (subject to the property value being between £100,000 and £1 million (£2 million if situated in the Greater London and South East Region) and excluding new-build properties). This applies where the result is within acceptable risk tolerance and confidence levels. Transactions that fall outside of these guidelines will be subject to a physical valuation.

#### *Property types*

The criteria set out below are applied in determining the eligibility of properties to serve as security for Mortgage Loans. Under these criteria, eligible property types include freehold, leasehold, and commonhold properties. In the case of leasehold properties, the unexpired term of the lease must generally be for at least 25 years after the end of the agreed mortgage term. In the case of "mixed use properties", where part of the property is used for business purposes, such as a doctor's surgery, at least 40 per cent. of the property must be for residential purposes. Mortgages for mixed use properties are limited to 80 per cent. LTV maximum (although this may be restricted further by the underwriter).

#### *Loan amount*

The minimum advance to a Borrower in respect of a Mortgage Account is £5,000. There is a 95 per cent. LTV limit for purchases and a 90 per cent. limit for remortgages, with an 85 per cent. LTV limit for additional borrowing. The Seller does not impose a maximum loan amount on its Mortgage Loans, however any loan amount greater than £600,000 will be individually assessed by a specialist underwriter and may be subject to other product and policy constraints.

### *Term*

For repayment mortgages, each loan must have an initial term ranging between a minimum of five and a maximum 35 years. In the case of interest only mortgages, the maximum term is 25 years (including part repayment and part interest only). Further advances can exceed the term of the main advance; however must not exceed the maximum term allowable for that particular mortgage product type.

### *Age of applicant*

All Borrowers must be 18 years old or over. Usually the maximum age at the end of the mortgage term should be 70, or the borrower's retirement age (whichever is sooner). Where the term of the loan extends into retirement, the applicant has to demonstrate at application stage that they will be able to afford the mortgage payments for the full term of the loan.

### *Status of applicant(s) and Affordability Assessment*

The maximum loan amount is determined by a number of factors, including the applicant's income and the loan to value ratio of the mortgaged property.

In determining income, basic salary along with performance or profit-related pay, allowances, mortgages subsidies, pensions, annuities, overtime, bonuses and commission may be included. Positive proof of the applicant's identity and address is obtained in all cases.

The assessment of affordability is a key requirement of the credit assessment process and in ensuring responsibility when lending. An assessment must be undertaken as part of a new mortgage request or an additional borrowing case, and recorded in the customer's credit record. Barclays' affordability assessment takes the validated monthly customer income and subtracts the value of the mortgage repayment calculated on a stressed interest rate basis, as well as any other credit commitments (including any known future commitments) and disclosed regular commitments. If the figure remaining is higher than the required disposable income for the customer, then the application passes the affordability assessment. The required disposable income covers basic essential and basic quality of living expenditure, and these are calculated using a model based on data taken from the Office of National Statistics (ONS) relating to these costs. The affordability model is reviewed on at least an annual basis. The stressed repayment used in the affordability assessment is reviewed quarterly and linked to Bank of England expectations of base rate movements over the next five years, assuming a minimum 3 per cent. increase in base rates.

### *Credit history*

A full credit reference search is carried out in respect of all applicants. Applications may be declined where an adverse credit history (for example, county court judgment, default or bankruptcy notice) is revealed.

### *Geography*

Mortgage loans will not be offered on properties situated in any area not subject to the jurisdiction of the law of England and Wales, Scotland or Northern Ireland. Accordingly, no mortgages will be originated in respect of properties located in the Isle of Man or the Channel Islands.

### ***Seller's discretion to lend outside its Lending Criteria***

On a case-by-case basis, and within approved limits as detailed in the Seller's Lending Criteria, the Seller may have determined that, based upon compensating factors, a prospective Borrower that did not strictly qualify under its Lending Criteria at that time warranted an underwriting exception. The Seller may take into account compensating factors including, but not limited to, a low LTV ratio, stable employment and time in residence at the applicant's current residence.

## DESCRIPTION OF THE RCB REGULATIONS

The Regulated Covered Bonds Regulations 2008 (SI 2008/346), as amended by the Regulated Covered Bonds (Amendments) Regulations 2008 (SI 2008/1714), the Regulated Covered Bonds (Amendment) Regulations 2011 (SI 2011/2859) and the Regulated Covered Bonds (Amendment) Regulations 2012 (SI 2012/2977) (the "**RCB Regulations**") and the corresponding implementation provisions, set out in the Regulated Covered Bonds Sourcebook to the FCA's Handbook (the "**RCB Sourcebook**"), came into force in the UK on 6 March 2008. In summary, the RCB Regulations implemented a legislative framework for UK covered bonds. The framework is intended to meet the requirements set out in Article 52(4) of EU Directive (2009/65/EC) on undertakings for collective investment in transferable securities, as amended (the "**UCITS Directive**"). In general, covered bonds which are UCITS Directive-compliant benefit from higher prudential investment limits and may be ascribed a preferential risk weighting.

The RCB Regulations and the RCB Sourcebook include various requirements related to issuers, asset pool owners, pool assets and the contractual arrangements made in respect of such assets. In this regard, issuers and owners have various initial and ongoing obligations under the RCB Regulations and the RCB Sourcebook and are responsible for ensuring they comply with them. In particular, issuers are required to (among other things) enter into arrangements with the owner for the maintenance and administration of the asset pool such that certain asset record-keeping obligations and asset capability and quality-related requirements are met and notify the FCA of various matters (including any regulated covered bonds it issues, the assets in the asset pool, matters related to its compliance with certain regulations and any proposed material changes). Owners are required to (among other things) notify the FCA of various matters (including any proposed transfer of ownership of the asset pool) and, on insolvency of the issuer, make arrangements for the maintenance and administration of the asset pool (similar to the issuer obligations described above).

From 1 January 2013, in accordance with the Regulated Covered Bonds (Amendment) Regulations 2011 (SI 2011/2859) and the Regulated Covered Bonds (Amendment) Regulations 2012 (SI 2012/2977):

- *Designation of asset pool as composed of a single class of eligible assets or a mixture of eligible asset classes* – the Issuer is required to designate its programme as being a single asset pool (consisting of either class one assets (public sector debt), class two assets (residential mortgage loans) or class three assets (commercial loans) and, in each case, including liquid assets) or a mixed asset pool (consisting of all eligible property for the purposes of the RCB Regulations). Barclays Bank PLC elected on 11 December 2012, and Barclays Bank UK PLC elected on 6 April 2018, that the Programme would be a single asset programme, consisting of class two assets. Consequently, the Asset Pool will consist solely of residential mortgage loans and liquid assets, being UK government securities and cash deposits. To be clear, and in keeping with the new requirements under the RCB Regulations, the Asset Pool will not include any asset backed securities;
- *Fixed minimum over-collateralisation requirement for principal and minimum coverage requirement for interest* – the total principal amounts outstanding on the loans constituting eligible property in the asset pool is required to be more than the total principal amounts outstanding in relation to the regulated covered bonds by at least 8 per cent. and a minimum threshold applies in respect of interest amounts such that the total amount of interest payable in the period of 12 months following any given date in respect of the eligible property in the asset pool is required to be not less than the interest which would be payable in relation to the regulated covered bonds in that period. For the purposes of calculating the over-collateralisation test, the Issuer can take into account certain liquid assets up to a maximum of 8 per cent. of those covered bonds that have a maturity date of more than one year and 100 per cent. of those covered bonds that have a maturity date of one year or less;
- *Regulatory and Investor reporting, including loan-level data* – new investor reporting requirements apply. In particular, issuers are required to make available detailed loan-level information relating to the Asset Pool following an issuance of regulated covered bonds after 1 January 2013. Issuers are also required to publish certain transactions documents relating to the programme. When available, the information to be published by the Issuer can be found at <https://home.barclays/investor-relations/fixed-income-investors/prospectus-and->

documents/secured-funding-covered-bonds/. The information set out in the website and the contents therefore do not form part of this Base Prospectus;

- *Asset pool monitor role* – new requirements have been introduced to formalise the role of the asset monitor. Under the new provisions, an asset pool monitor is required, on an annual basis, to inspect and assess the issuer's compliance with certain principles-based requirements under the regime and to report on their findings to the FCA (with additional reporting requirements in the case of issuer non-compliance). Each issuer is required to appoint an asset pool monitor in advance of their annual attestation falling on or after 1 January 2013. The Issuer has appointed KPMG LLP to act as the asset pool monitor pursuant to the Asset Pool Monitor Agreement and it delivered its first asset pool monitor report on or prior to 31 December 2013 as required by the RCB Regulations; and
- *Exclusion of securitisation assets as eligible assets* – the Issuer confirms that the Asset Pool does not comprise asset backed securities.

The FCA performs certain supervision and enforcement-related tasks in respect of the Covered Bonds regime, including admitting issuers and covered bonds to the relevant registers and monitoring compliance with ongoing requirements. To assist it with these tasks, the FCA has certain powers under the RCB Regulations. In particular, in certain circumstances the FCA may direct the winding-up of an owner, remove an issuer from the register of issuers and/or impose a financial penalty of such amount as it considers appropriate in respect of an issuer or owner. Moreover, as the body which regulates the financial services industry in the UK, the FCA may take certain actions in respect of issuers using its general powers under the UK regulatory regime (including restricting a seller's ability to transfer further assets to the asset pool).

Barclays Bank PLC was admitted to the register of issuers on 11 November 2008 and the Programme, and the Covered Bonds issued previously under the Programme, were admitted to, and all Covered Bonds issued since that date under the Programme have been admitted to, the register of regulated covered bonds under the RCB Regulations. The Issuer was similarly admitted to the register of issuers on 4 April 2018. The Issuer shall notify the FCA for all new issuances of Covered Bonds to be admitted to the register of regulated covered bonds.

Under the RCB Regulations, an issuer may be removed from the register of issuers in certain limited circumstances but the FCA is restricted from removing a regulated covered bond from the register of regulated covered bonds before the expiry of the whole period of validity of the relevant bond.

This section is only a summary of the UK covered bond regime. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this Prospectus before making any investment decision. See also "*Risk Factors – Risk relating to the Covered Bonds – Risks relating to the RCB Regulations*" and "*Risk Factors – Risk relating to the Covered Bonds – Certain expenses of insolvency officeholders will rank ahead of the Covered Bonds*".

## **DESCRIPTION OF LIMITED LIABILITY PARTNERSHIPS**

Since 6 April 2001 it has been possible to incorporate a limited liability partnership in England, Wales and Scotland (but not Northern Ireland) under the Limited Liability Partnership Act 2000 (the "**LLPA 2000**"). Limited liability partnerships are legal entities that provide limited liability to the members of a limited liability partnership combined with the benefits of the flexibility afforded to partnerships and the legal personality afforded to companies.

### **Corporate characteristics**

A limited liability partnership is more like a company than a partnership. A limited liability partnership is a body corporate with its own property and liabilities, separate from its members. Like shareholders in a limited company, the liability of the members of a limited liability partnership is limited to the amount of their capital because it is a separate legal entity and when the members decide to enter into a contract, they bind the limited liability partnership in the same way that directors bind a company. Members may be liable for their own negligence and other torts or delicts, like company directors, if they have assumed a personal duty of care and have acted in breach of that duty. Third parties can assume that members, like company directors, are authorised to act on behalf of the limited liability partnership.

The provisions of the Companies Act 1985 and the Insolvency Act 1986 have been modified by the Limited Liability Partnerships Regulations 2001 and the Limited Liability Partnerships Regulations 2009 (each as amended from time to time) so as to apply most of the insolvency and winding-up procedures for companies equally to a limited liability partnership and its members. As a distinct legal entity a limited liability partnership can grant fixed and floating security over its assets and a limited liability partnership will survive the insolvency of any of its members. An administrator or liquidator of an insolvent member would be subject to the terms of the members' agreement relating to the limited liability partnership but a liquidator of an insolvent member may not take part in the administration of the limited liability partnership or its business.

Limited liability partnerships must file annual returns and audited annual accounts at Companies House for each financial year in the same way as companies.

### **Partnership characteristics**

A limited liability partnership retains certain characteristics of a partnership. It has no share capital and there are no capital maintenance requirements. The members are free to agree how to share profits, who is responsible for management and how decisions are made, when and how new members are appointed and the circumstances in which its members retire. The members' agreement is a private document and there is no obligation to file it at Companies House.

### **Taxation**

A limited liability partnership which carries on a trade or business with a view to profit (and which is not the subject of certain insolvency proceedings) is, generally speaking, treated as a partnership for corporation tax purposes. As such, the members of a limited liability partnership, and not the limited liability partnership itself, are subject to corporation tax in relation to the business of the limited liability partnership in broadly the same way that the members of a partnership are subject to corporation tax in relation to the business of that partnership.

## BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the LLP believe to be reliable, but none of the Issuer, the LLP, the Bond Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the LLP nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### Book-entry Systems

The Depository Trust Company ("**DTC**") has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of DTC Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Covered Bonds on DTC's records. The ownership interest of each actual purchaser of each Covered Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Covered Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Covered Bonds, except in the event that use of the book-entry system for the DTC Covered Bonds is discontinued.

To facilitate subsequent transfers, all DTC Covered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Covered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Covered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be



governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Covered Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to DTC Covered Bonds unless authorised by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Covered Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Covered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detailed information from the Issuer or the Principal Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in a "street name", and will be the responsibility of such Participant and not of DTC or its nominee, the Principal Paying Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Covered Bonds for Registered Definitive Covered Bonds, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Covered Bond, will be legended as set forth under Subscription and Sale and Transfer and Selling Restrictions.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC as described below.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### **Book-entry Ownership of and Payments in respect of DTC Covered Bonds**

The Issuer may apply to DTC in order to have any Tranche of Covered Bonds represented by a Registered Global Covered Bond accepted in its book-entry settlement system. Upon the issue of any such Registered Global Covered Bond, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Covered Bond to the accounts of persons who have accounts with DTC.

Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Covered Bond will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Covered Bond, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Covered Bond accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Covered Bond accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Covered Bond. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee, and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Covered Bond in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Covered Bonds will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Covered Bonds to DTC is the responsibility of the Issuer.

#### ***Transfers of Covered Bonds Represented by Registered Global Covered Bonds***

Transfers of any interests in Covered Bonds represented by a Registered Global Covered Bond within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. The ability of any holder of Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to resell, pledge or otherwise transfer such Covered Bonds may be impaired if the proposed transferee of such Covered Bonds is not eligible to hold such Covered Bonds through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Covered Bonds have been deposited.

On or after the Issue Date for any Series, transfers of Covered Bonds of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Covered Bonds of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Covered Bonds will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where

appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bond Trustee, the Security Trustee, the Issuer, the LLP, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without receipts, interest coupons and/or talons attached, or registered form, without receipts, interest coupons and/or talons attached. Bearer Covered Bonds will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Covered Bonds will be issued both (i) outside the United States in reliance on the exemption from registration provided by Regulation S and (ii) within the United States in reliance on Rule 144A under the Securities Act.

### **Bearer Covered Bonds**

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without receipts, interest coupons or talons attached (a "**Temporary Global Covered Bond**") which, will:

- (i) if the Bearer Global Covered Bonds are intended to be issued in new global covered bond ("**NGCB**") form, as stated in the applicable Final Terms (the "**applicable Final Terms**"), be delivered on or prior to the Issue Date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"); and
- (ii) if the Bearer Global Covered Bonds are not intended to be issued in NGCB form, as stated in the applicable Final Terms, be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system.

If the applicable Final Terms indicates that the Bearer Global Covered Bond is a NGCB, the nominal amount of the Covered Bonds represented by such Bearer Global Covered Bond will be the aggregate from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of Euroclear and Clearstream, Luxembourg (which expression in such Bearer Global Covered Bond means the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of each such customer's interest in the Covered Bonds) will be conclusive evidence of the nominal amount of Covered Bonds represented by such Bearer Global Covered Bond and, for such purposes, a statement issued by Euroclear and/or Clearstream Luxembourg, as the case may be, stating that the nominal amount of Covered Bonds represented by such Bearer Global Covered Bond at any time will be conclusive evidence of the records of Euroclear and/or Clearstream at that time, as the case may be.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a permanent global covered bond without receipts and interest coupons attached (a "**Permanent Global Covered Bond**" and, together with the Temporary Global Covered Bonds, the "**Bearer Global Covered Bonds**" and each a "**Bearer Global Covered Bond**") of the same Series or (ii) for Bearer Definitive Covered Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case, against certification of non-U.S. beneficial ownership unless such certification has already been given. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Covered Bond without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond consisting of integral multiples of the specified minimum denomination will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered

Bond) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (a) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Covered Bonds represented by the Permanent Global Covered Bond in definitive form. The Issuer will promptly give notice to holders of the Covered Bonds of each Series of Bearer Global Covered Bonds in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in paragraph (b) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Bearer Global Covered Bonds and Bearer Definitive Covered Bonds will be issued pursuant to the Agency Agreement.

The following legend will appear on all Permanent Global Covered Bonds and Bearer Definitive Covered Bonds where TEFRA D is specified in the applicable Final Terms or Drawdown Prospectus and on all receipts and interest coupons relating to such Bearer Covered Bonds:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on such Bearer Covered Bonds, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Covered Bonds, receipts or interest coupons.

Covered Bonds which are represented by a Bearer Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### **Registered Covered Bonds**

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global covered bond in registered form (a "**Regulation S Global Covered Bond**"). Prior to expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to each Tranche of Covered Bonds, beneficial interests in a Regulation S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Covered Bonds*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer.

The Registered Covered Bonds of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("**QIBs**") who agree to purchase the Covered Bonds for their own account and not with a view to the distribution thereof.

The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a global note in registered form (a "**Rule 144A Global Covered Bond**" and, together with a Regulation S Global Covered Bond, the "**Registered Global Covered Bonds**").

Registered Global Covered Bonds will either (i) in the case of a Rule 144A Global Covered Bond which is not intended to be held under the new safekeeping structure ("**NSS**" or "**New Safekeeping Structure**"), be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company ("**DTC**") for the accounts of Euroclear and Clearstream, Luxembourg; (ii) in the case of a Rule

144A Global Covered Bond which is intended to be held under the New Safekeeping Structure, be deposited with a custodian for, and registered in the name of a nominee of the common safekeeper for Euroclear and/or Clearstream, Luxembourg; (iii) in the case of a Regulation S Global Covered Bond which is not intended to be held under the New Safekeeping Structure, be deposited with a common depository for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg; or (iv) in the case of a Regulation S Global Covered Bond which is intended to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg, in each case, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Covered Bonds in fully registered form.

The Rule 144A Global Covered Bonds will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5(d) (*Payments in respect of Registered Covered Bonds*)) as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the LLP, the Bond Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(d) (*Payments in respect of Registered Covered Bonds*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) in the case of Covered Bonds registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (ii) in the case of Covered Bonds registered in the name of a nominee for a common depository or, as applicable, a common safekeeper (or its nominee), for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by the Registered Global Covered Bond in definitive form. The Issuer will promptly give notice to holders of the Covered Bonds of each Series of Registered Global Covered Bonds in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in paragraph (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Definitive Rule 144A Covered Bonds will be issued only in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

### **Transfer of Interests**

Interests in a Rule 144A Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in Regulation S Global Covered Bonds. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in

each case, to the extent applicable. Registered Covered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions; see "*Subscription and Sale and Transfer and Selling Restrictions*".

### **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Covered Bonds*"), the Principal Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Covered Bonds of such Tranche.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

No holder of the Covered Bonds, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the LLP unless the Bond Trustee or, as the case may be, the Security Trustee, having become so bound to proceed, fails to do so within a reasonable period and the failure shall be continuing.

## TERMS AND CONDITIONS OF THE COVERED BONDS

The following are the Terms and Conditions of the Covered Bonds (with the exception of the N Covered Bonds) which will be incorporated by reference into each Global Covered Bond and each Definitive Covered Bond (each as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. In relation to N Covered Bonds, the terms and conditions of such Series of N Covered Bonds will be as set out in the N Covered Bond (*Namenschuldverschreibung*) (and the N Covered Bond Conditions attached as Schedule 1 thereto) together with the N Covered Bond Agreement relating to such N Covered Bond. Any reference to an "**N Covered Bond Condition**" other than in this section shall be deemed to be, as applicable, a reference to the relevant provision of the N Covered Bond, the N Covered Bond Conditions attached as Schedule 1 thereto or the provisions of the N Covered Bond Agreement relating to such N Covered Bond.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Barclays Bank UK PLC (the "**Issuer**") constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") originally dated 18 December 2007 (the "**Programme Date**") made between the Issuer, Barclays Covered Bonds LLP as guarantor (the "**LLP**") and Citicorp Trustee Company Limited as bond trustee (in such capacity, the "**Bond Trustee**", which expression shall include any successor as Bond Trustee) and as security trustee (in such capacity, the "**Security Trustee**", which expression shall include any successor as Security Trustee). Covered Bonds of such Series may be in bearer form ("**Bearer Covered Bonds**") or in registered form ("**Registered Covered Bonds**").

Save as provided for in Conditions 9 (*Events of Default and Enforcement*) and 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), references herein to the "**Covered Bonds**" shall be references to the Covered Bonds of this Series and shall mean:

- (i) in relation to any Covered Bonds represented by a global covered bond (a "**Global Covered Bond**"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Covered Bond;
- (iii) any Definitive Covered Bonds in bearer form ("**Bearer Definitive Covered Bonds**") issued in exchange (or part exchange) for a Global Covered Bond in bearer form; and
- (iv) any Definitive Covered Bonds in registered form ("**Registered Definitive Covered Bonds**" and, together with the Bearer Definitive Covered Bonds, the "**Definitive Covered Bonds**") issued in exchange (or part exchange) for a Global Covered Bond in registered form.

The Covered Bonds, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated the Programme Date and made between the Issuer, the LLP, the Bond Trustee, the Security Trustee and Citibank, N.A., London Branch, as issuing and principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Citibank, N.A., London Branch as exchange agent (in such capacity, the "**Exchange Agent**", which expression shall include any successor exchange agent), Citibank, N.A., London Branch as registrar (in such capacity, the "**Registrar**", which expression shall include any successor registrar) and as transfer agent (in such capacity, a "**Transfer Agent**" and together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents). As used herein, "**Agents**" shall mean the Paying Agents and the Exchange Agent and the Transfer Agents.

Interest-bearing Bearer Definitive Covered Bonds have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Bearer Definitive Covered Bonds repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue.



Registered Covered Bonds and Global Covered Bonds do not have Receipts, Coupons or Talons attached on issue.

Each Series or Tranche of Covered Bonds will be issued on these Terms and Conditions (the "**Conditions**") as supplemented by a separate document attached to these Conditions containing the final terms for such Series (the "**Final Terms**") or in a separate prospectus specific to such Series (a "**Drawdown Prospectus**"). In the case of a Series or Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in these Conditions to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise and references to "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond or to the relevant Drawdown Prospectus, as the case may be.

The Bond Trustee acts for the benefit of the holders for the time being of the Covered Bonds (the "**Covered Bondholders**" or "**holders of the Covered Bonds**", which expression shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below), the holders of the Receipts (the "**Receiptholders**") and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), and for holders of each other Series of Covered Bonds in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Covered Bonds which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The LLP has, in the Trust Deed, irrevocably and unconditionally guaranteed the due and punctual payment of Guaranteed Amounts in respect of the Covered Bonds as and when the same shall become due for payment on certain dates in accordance with the Trust Deed ("**Due for Payment**"), but only after service of a Notice to Pay on the LLP following an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer or service of an LLP Acceleration Notice on the LLP.

The security for the obligations of the LLP under the Covered Bond Guarantee and the other Transaction Documents to which it is a party has been created in and pursuant to, and on the terms set out in, a deed of charge (such deed of charge as amended and/or supplemented and/or restated from time to time, the "**Deed of Charge**") dated the Programme Date (as supplemented from time to time) and made between the LLP, the Bond Trustee, the Security Trustee and certain other Secured Creditors.

These Conditions include summaries of, and are subject to, the provisions of the Trust Deed, the Deed of Charge and the Agency Agreement.

Copies of the Trust Deed, the Deed of Charge, the Master Definitions Schedule (as defined below), the Agency Agreement and each of the other Transaction Documents (other than any N Covered Bond and any N Covered Bond Agreement) are available for inspection during normal business hours at the registered office for the time being of the Bond Trustee being at the Programme Date at Citigroup Centre, Canada Square, London, E14 5LB and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series, other than N Covered Bonds) are obtainable during normal business hours at the specified office of each of the Paying Agents and any holder of the Covered Bonds must produce evidence satisfactory to the Issuer and the Bond Trustee or, as the case may be, the relevant Paying Agent as to its holding of Covered Bonds and identity. The holders of the Covered Bonds, the Receiptholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed, the Deed of Charge, the Master Definitions Schedule, the Agency Agreement, each of the other Transaction Documents and the applicable Final Terms which are applicable to them and to have notice of each set of Final Terms relating to each other Series (other than the N Covered Bonds).

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions shall bear the meanings given to them in the applicable Final Terms and/or the master definitions schedule made between the parties to the Transaction Documents on or about the Programme

Date (as modified and/or supplemented and/or restated from time to time, the "**Master Definitions Schedule**"), a copy of each of which may be obtained as described above.

1. **Form, Denomination and Title**

The Covered Bonds are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of Definitive Covered Bonds (being Bearer Definitive Covered Bond(s) and/or, as the context may require, Registered Definitive Covered Bond(s)), serially numbered, in the Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination and Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and vice versa.

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a Zero Coupon Covered Bond or a combination of any of the foregoing and may be an Instalment Covered Bond, depending upon the Interest Basis shown in the applicable Final Terms and subject to, where this Covered Bond is a Zero Coupon Covered Bond, confirmation from the Rating Agencies that the then current ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

The Covered Bonds in this Series may be Instalment Covered Bonds, Hard Bullet Covered Bonds or a combination of any of the foregoing depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Bearer Definitive Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds in which case references to Coupons and Couponholders in these Conditions are not applicable.

Bearer Definitive Covered Bonds are issued with Receipts, unless they are not Instalment Covered Bonds in which case references to Receipts and Receiptholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery and title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the LLP, the Paying Agents, the Security Trustee and the Bond Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Covered Bond, Receipt or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of, or, as the case may be, registered in the name of a common depository or a common safekeeper (as applicable) for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or The Depository Trust Company ("**DTC**") or its nominee, each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or DTC as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or DTC as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error and any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream's Cedcom system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the LLP, the Paying Agents, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, and, in the case of DTC or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond shall be treated by

the Issuer, the LLP, any Paying Agent, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions "**Covered Bondholder**" and "**holder of Covered Bonds**" and related expressions shall be construed accordingly.

Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

## 2. **Transfers of Registered Covered Bonds**

### (a) ***Transfers of interests in Registered Global Covered Bonds***

Transfers of beneficial interests in Rule 144A Global Covered Bonds (as defined below) and Regulation S Global Covered Bonds (as defined below) (together, the "**Registered Global Covered Bonds**") will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Covered Bonds in definitive form or for a beneficial interest in another Registered Global Covered Bond only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Covered Bond registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

### (b) ***Transfers of Registered Covered Bonds in definitive form***

Subject as provided in Conditions 2(e) (*Transfers of interests in Regulation S Global Covered Bonds*), 2(f) (*Transfers of interests in Rule 144A Covered Bonds*) and 2(g) (*Exchanges and transfers of Registered Covered Bonds generally*), upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer, the Bond Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 6 to the Agency Agreement).

Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new

Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

(c) ***Registration of transfer upon partial redemption***

In the event of a partial redemption of Covered Bonds under Condition 6 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, called for partial redemption.

(d) ***Costs of registration***

Holders of the Covered Bonds will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) ***Transfers of interests in Regulation S Global Covered Bonds***

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) ***Transfers of interests in Rule 144A Covered Bonds***

Transfers of Rule 144A Covered Bonds or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Covered Bond, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Covered Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

- (ii) to a transferee who takes delivery of such interest through a Rule 144A Covered Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Covered Bonds, or upon specific request for removal of the legend therein, the Registrar shall deliver only Legended Covered Bonds or refuse to remove the Legend therein, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) ***Exchanges and transfers of Registered Covered Bonds generally***

Holders of Registered Covered Bonds in definitive form may exchange such Covered Bonds for interests in a Registered Global Covered Bond of the same type at any time.

(h) ***Definitions***

In the Conditions, the following expressions shall have the following meanings:

**"Distribution Compliance Period"** means the period that ends 40 days after the completion of the distribution of the relevant Tranche of Covered Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

**"QIB"** means a **"qualified institutional buyer"** within the meaning of Rule 144A;

**"Regulation S"** means Regulation S under the Securities Act;

**"Regulation S Global Covered Bond"** means a Registered Global Covered Bond representing Covered Bonds sold outside the United States in reliance on Regulation S;

**"Rule 144A"** means Rule 144A under the Securities Act;

**"Rule 144A Global Covered Bond"** means a Registered Global Covered Bond representing Covered Bonds sold in the United States to QIBs in reliance on Rule 144A; and

**"Securities Act"** means the United States Securities Act of 1933, as amended.

3. **Status of the Covered Bonds and the Covered Bond Guarantee**

(a) ***Status of the Covered Bonds***

The Covered Bonds and any relative Receipts and Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and (subject to any applicable statutory provisions) *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer.

(b) ***Status of the Covered Bond Guarantee***

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment has been unconditionally and irrevocably guaranteed by the LLP (the **"Covered Bond Guarantee"**) in the Trust Deed. However, the LLP shall have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration

Notice and service by the Bond Trustee on the LLP of a Notice to Pay or, if earlier, following the occurrence of an LLP Event of Default and service by the Bond Trustee of an LLP Acceleration Notice. The obligations of the LLP under the Covered Bond Guarantee are direct (following an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay or an LLP Event of Default and service of an LLP Acceleration Notice), unconditional and unsubordinated obligations of the LLP, which are secured as provided in the Deed of Charge.

Any payment made by the LLP under the Covered Bond Guarantee shall (unless such obligation shall have been discharged as a result of the payment of Excess Proceeds to the Bond Trustee pursuant to Condition 9 (*Events of Default and Enforcement*)) discharge *pro tanto* the obligations of the Issuer in respect of such payment under the Covered Bonds, Receipts and Coupons except where such payment has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the holders of the Covered Bonds.

As security for the LLP's obligations under the Covered Bond Guarantee and the other Transaction Documents (as defined in the Master Definitions Schedule) to which it is a party, the LLP has granted fixed and floating security over all of its assets under the Deed of Charge in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors).

#### 4. **Interest**

##### (a) ***Interest on Fixed Rate Covered Bonds***

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) its date of issue (the "**Interest Commencement Date**") at the rate(s) per annum equal to the Rate(s) of Interest payable, subject as provided in these Conditions, in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date. If a Notice to Pay is served on the LLP, the LLP shall pay Guaranteed Amounts in equivalent amounts to those described above under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date specified in the relevant Final Terms.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

"**Original Due for Payment Date**" means, in respect of the payment of a Guaranteed Amount, prior to the occurrence of an LLP Event of Default and the service of an LLP Acceleration Notice on the Issuer and the LLP and following the delivery of a Notice to Pay on the LLP (a) the later of the date which is the Scheduled Payment Date in respect of such Guaranteed Amount and the date which is two Business Days following the date of service of a Notice to Pay on the LLP in respect of such Guaranteed Amounts or (b) if the applicable Final Terms for a Series of Covered Bonds specifies that an Extended Due for Payment Date is applicable to the relevant

Series of Covered Bonds, the Interest Payment Date that would have applied if the Final Maturity Date had been the Extended Due for Payment Date;

**"Principal Amount Outstanding"** means in respect of a Covered Bond on any day the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of the Covered Bonds in respect thereof on or prior to that day; and

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, €0.01.

(b) ***Interest on Floating Rate Covered Bonds***

(i) *Interest Payment Dates*

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (1) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (2) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **"Interest Payment Date"**) which falls the number of months or other period specified as the specified Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, the expression **"Interest Period"** shall mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where specified Interest Periods are specified in accordance with sub-paragraph (2) above, the **"Floating Rate Convention"**, such Interest Payment Date (i) in the case of sub-paragraph (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of sub-paragraph (B) below shall apply *mutatis mutandis* or (ii) in the case of sub-paragraph (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the specified Interest Period after the preceding applicable Interest Payment Date occurred; or
- (2) the **"Following Business Day Convention"**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the **"Modified Following Business Day Convention"**, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the **"Preceding Business Day Convention"**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions,

**"Business Day"** means a day which is:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) in the case of any sum payable, either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) or (2) in relation to any Covered Bonds denominated or payable in euro, a day which is a TARGET Settlement Day.

**"TARGET Settlement Day"** means any day on which TARGET2 is open for the settlement of payments in euro.

**"TARGET2"** means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds will be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the margin specified in the applicable Final Terms (the "**Margin**") (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Principal Paying Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) unless otherwise stated in the applicable Final Terms, the relevant Reset Date is the first day of that Interest Period.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.



(B) Screen Rate Determination for Floating Rate Covered Bonds

**LIBOR, US Dollar LIBOR, CHF LIBOR or EURIBOR**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of the London interbank offered rate ("**LIBOR**"), LIBOR for U.S. dollars ("**U.S. Dollar LIBOR**") or LIBOR for Swiss francs, or Brussels time, in the case of the Eurozone interbank offered rate ("**EURIBOR**")) on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this sub-paragraph (B) in the event that the Relevant Screen Page is not available or if, in the case of sub-paragraph (1) above, no such offered quotation appears or, in the case of sub-paragraph (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

**SONIA**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the relevant Series of Floating Rate Covered Bonds is specified in the applicable Final Terms as being the Sterling Overnight Index Average ("**SONIA**"), the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the Margin.

"**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>o</sub>**" is the number of London Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following London Banking Day;

"**Observation Period**" means the period from and including the date falling "**p**" London Banking Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling five London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling five London Banking Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

"**p**" means for any Interest Period, the number of London Banking Days included in the Observation Period, as specified in the applicable Final Terms;

"**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"**SONIA<sub>i-5LBD</sub>**" means, in respect of any London Banking Day falling in the relevant Interest Period, the SONIA reference rate for the London Banking Day falling five London Banking Days prior to the relevant London Banking Day "**i**".

If, in respect of any London Banking Day in the relevant Observation Period, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, and without prejudice to Condition 14(e) (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution) in the event the Bank of England publishes guidance as to (i) how the SONIA reference rate is to be determined or (ii) any rate that is to replace the SONIA reference rate, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA<sub>i</sub> for the purpose of the relevant Series of Covered Bonds for so long as the SONIA reference rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), the Rate of Interest shall be (i) that determined as at the last preceding Interest

Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first Interest Period had the Covered Bonds been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9 (*Events of Default and Enforcement*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Covered Bonds became due and payable and the Rate of Interest on such Covered Bonds shall, for so long as any such Covered Bond remains outstanding, be that determined on such date.

Unless otherwise stated in the Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Covered Bonds will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period and calculate the amount of interest payable in respect of the Calculation Amount applicable to the Floating Rate Covered Bonds.

The Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Covered Bonds in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest for such Interest Period to each Calculation Amount comprising or forming part of the relevant Specified Denomination of the relevant Covered Bond, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Calculation Amount**" means the amount specified as such in the applicable Final Terms.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (A) if "**Actual/Actual - ISDA**" or "**Actual/Actual**" is specified in the relevant Final Terms, the actual number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") divided by 365 (or, if any portion of that Accrual Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365);
- (B) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Accrual Period divided by 365;
- (C) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Accrual Period divided by 360;
- (D) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Accrual Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (E) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Accrual Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"D1" is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31, in which case D2 will be 30;

- (F) if "Sterling/FRN" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; and
- (G) if "Actual/Actual - ICMA" is specified in the relevant Final Terms:
  - (1) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year; and
  - (2) if the Accrual Period is longer than one Determination Period, the sum of:
    - (a) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in one year; and
    - (b) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in one year.

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Bond Trustee and to any stock exchange or other relevant competent authority or quotation system on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 4(b)(i) (*Interest Payment Dates*)) thereafter by the Principal Paying Agent. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Bond Trustee and each stock exchange or other relevant authority on which the relevant Floating Rate Covered Bonds are for the time being listed or by which they have been admitted to listing and to holders of the Covered Bonds in accordance with Condition 13 (*Notices*).

(vi) *Determination or Calculation by Bond Trustee*

If for any reason at any relevant time after the Issue Date, the Principal Paying Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii)(A) or (B) above, and in accordance with paragraph (iv) above, the Bond Trustee shall determine the Rate of Interest at such rate as, in its absolute

discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 4, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Bond Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent or the Bond Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the LLP, the Principal Paying Agent, the other Paying Agents, the Bond Trustee and all holders of the Covered Bonds, the Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the LLP, the holders of the Covered Bonds, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Bond Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Accrual of interest***

Interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue as provided in the Trust Deed.

5. **Payments**

(a) ***Method of payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen to a non-Resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 7 (*Taxation*). References to Specified Currency will include any successor currency under applicable law.

(b) ***Presentation of Bearer Definitive Covered Bonds, Receipts and Coupons***

Payments of principal and interest (if any) will (subject as provided below) be made against presentation and surrender of Bearer Definitive Covered Bonds or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments (if any) of principal, other than the final instalment, will (subject as provided below) be made against presentation and surrender of the relevant Receipt. Each Receipt must be presented for payment of the relevant instalment together with the Bearer Definitive Covered Bond to which it appertains. If any Bearer Definitive Covered Bond is

redeemed or becomes repayable prior to the stated maturity thereof, principal will be payable only on surrender of such Bearer Definitive Covered Bond together with all unmatured Receipts appertaining thereto. Receipts presented without the Bearer Definitive Covered Bond to which they appertain and unmatured Receipts do not constitute valid obligations of the Issuer or the LLP.

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 12 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, six years from the date on which such Coupon would otherwise have become due.

Upon amounts in respect of any Fixed Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form becoming due and repayable by the Issuer (in the absence of a Notice to Pay) or LLP under the Covered Bond Guarantee prior to its Final Maturity Date (or, as the case may be, Extended Due for Payment Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Covered Bond in definitive bearer form, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Covered Bond**" is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond. If the date for redemption of any Bearer Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Bearer Definitive Covered Bond.

(c) ***Payments in respect of Bearer Global Covered Bonds***

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond against presentation or surrender, as the case may be, of such Global Covered Bond (if the Global Covered Bond is not intended to be issued in New Global Covered Bond ("**NGCB**") form) at the specified office of any Paying Agent outside the United States. On the occasion of each payment, (i) in the case of any Global Covered Bond which is not issued in NGCB form, a record of such payment made on such Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Global Covered Bond by the Principal Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made and (ii) in the case of any Global Covered Bond which is issued in NGCB form, the Principal Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

(d) ***Payments in respect of Registered Covered Bonds***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents.

Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the register of holders of the Registered Covered Bonds maintained by the Registrar (the "**Register**") at the close of business on the third Business Day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a "**Designated Account**" or (ii) the principal amount of the Covered Bonds held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-Resident of Japan, shall be a non-resident account) maintained by a holder with a "**Designated Bank**" and identified as such in the Register and Designated Bank means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located on the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register at the close of business on the Record Date at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the Registrar not less than three Business Days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

"**Record Date**" means, in the case of any payment in respect of Registered Definitive Covered Bonds, the close of business on the 15th day (whether or not such 15th day is a Business Day) before the relevant due date for such payment and, in the case of any payment in respect of Registered Global Covered Bonds, the Clearing System Business Day before the relevant due date for such payment.

"**Clearing System Business Day**" means a day on which each clearing system for which the Global Covered Bond is being held is open for business.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition 5(d) arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the LLP, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.



(e) **General provisions applicable to payments**

The holder of a Global Covered Bond (or, as provided in the Trust Deed, the Bond Trustee) shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Issuer or, as the case may be, the LLP will be discharged by payment to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to DTC, Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or the LLP to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or, as provided in the Trust Deed, the Bond Trustee) shall have any claim against the Issuer or the LLP in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition 5, payments of principal and/or interest in U.S. Dollars will only be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of interest on the Bearer Covered Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the LLP, adverse tax consequences to the Issuer or the LLP.

(f) **Payment Day**

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition 5(f) (unless otherwise specified in the applicable Final Terms), "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London; and
  - (C) any Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day which is a TARGET Settlement Day; and
- (iii) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its

nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Covered Bond) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) ***Interpretation of principal and interest***

Any reference in these Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) in relation to Covered Bonds redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 6(e) (*Early Redemption Amounts*));
- (vii) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and
- (viii) any Excess Proceeds which may be payable by the Bond Trustee under or in respect of the Covered Bonds.

Any reference in these Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

(h) ***Partial payment***

Following the service of a Notice to Pay on the LLP but prior to an LLP Event of Default, if on the Original Due for Payment Date (subject to any applicable grace period) of a Series of Covered Bonds the LLP has insufficient moneys (after paying higher ranking amounts and taking into account amounts ranking *pari passu* in the Guarantee Priority of Payments) to pay the Guaranteed Amount corresponding to the Final Redemption Amount on that Series of Covered Bonds, then the LLP shall apply the available moneys (after paying higher ranking amounts in accordance with the Guarantee Priority of Payments) to redeem the relevant Series of Covered Bonds *pro rata* in part at par together with accrued interest.

6. **Redemption and Purchase**

(a) ***Final redemption***

Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount in the relevant Specified Currency on the Final Maturity Date specified in the applicable Final Terms.

Without prejudice to Condition 9 (*Events of Default and Enforcement*), if:

- (i) an Extended Due for Payment Date is specified in the applicable Final Terms for a Series of Covered Bonds; and
- (ii) the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in such Final Terms (or after the expiry of the grace period set out in Condition 9(a)(i)); and

- (iii) the LLP or the Cash Manager on its behalf determines that the LLP has insufficient moneys available under the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the relevant Series of Covered Bonds on the date falling on the earlier of:
  - (A) the date which falls two Business Days after service of such Notice to Pay on the LLP or if later the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(b)(i)) under the terms of the Covered Bond Guarantee; or
  - (B) the Extension Determination Date, then

payment of the unpaid amount by the LLP under the Covered Bond Guarantee shall be deferred until the Extended Due for Payment Date, **provided that** any amount representing the Final Redemption Amount due but remaining unpaid on the earlier of sub-paragraphs (A) and (B) above may, subject to the Guarantee Priority of Payments, be paid by the LLP on any Interest Payment Date thereafter up to (and including) the relevant Extended Due for Payment Date.

The LLP shall notify the relevant holders of the Covered Bonds (in accordance with Condition 13 (*Notices*)), the Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Swap Providers and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least one Business Day prior to the dates specified in sub-paragraphs (iii)(A) and (B) above of any inability of the LLP to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Covered Bond Guarantee.

In the circumstances outlined above, the LLP shall on the earlier of:

- (a) the date falling two Business Days after the service of a Notice to Pay or if later the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(b)(i)); and
- (b) the Extension Determination Date, under the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *pro rata* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and shall pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the LLP to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the LLP shall not constitute an LLP Event of Default.

Any discharge of the obligations of the Issuer as the result of the payment of Excess Proceeds to the Bond Trustee shall be disregarded for the purposes of determining the amounts to be paid by the LLP under the Covered Bond Guarantee in connection with this Condition 6(a). Such failure by the LLP shall not constitute an LLP Event of Default.

For the purposes of these Conditions:

**"Extended Due for Payment Date"** means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Extension Determination Date;

**"Extension Determination Date"** means, in respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Final Maturity Date of such Series of Covered Bonds;

**"Guarantee Priority of Payments"** means the priority of payments relating to moneys standing to the credit of the Transaction Accounts (to the extent maintained, or otherwise the GIC Account) to be paid on each LLP Payment Date in accordance with the Trust Deed; and

"**Rating Agency**" means any one of Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Ltd. (together, the "**Rating Agencies**") or their successors, to the extent they provide ratings in respect of the Covered Bonds.

(b) ***Redemption for taxation reasons***

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 13 (*Notices*), the holders of the Covered Bonds (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that on the occasion of the next date for payment of interest, the Issuer is or will be required to pay additional amounts as provided in Condition 7 (*Taxation*). Covered Bonds redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(e) (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) ***Redemption at the option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having (unless otherwise specified, in the applicable Final Terms) given not less than 30 nor more than 60 days' notice to the Bond Trustee, the Principal Paying Agent, (in the case of the redemption of Registered Covered Bonds) the Registrar and, in accordance with Condition 13 (*Notices*), the holders of the Covered Bonds (which notice shall be irrevocable), redeem all or some only (as specified in the applicable Final Terms) of the Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer shall be bound to redeem the Covered Bonds accordingly. In the event of a redemption of some only of the Covered Bonds, such redemption must be for an amount being the Minimum Redemption Amount or a Higher Redemption Amount. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the "**Redeemed Covered Bonds**") will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules of DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 13 (*Notices*) not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Dates, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect shall be given by the Issuer to the holders of the Covered Bonds in accordance with Condition 13 (*Notices*) at least 30 days prior to the Selection Date.

(d) ***Redemption due to illegality***

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bond Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 13 (*Notices*), all holders of the Covered Bonds (which notice shall be irrevocable), if the Issuer satisfies the Bond

Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Issuer to make, fund or allow to remain outstanding any Term Advance made by it to the LLP from the Covered Bonds pursuant to the Intercompany Loan Agreement, as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 6(d) will be redeemed at their Early Redemption Amount referred to in Condition 6(e) (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(e) ***Early Redemption Amounts***

For the purpose of Conditions 6(b) (*Redemption for taxation reasons*) and 6(i) (*Late payment on Zero Coupon Covered Bonds*) and Condition 9 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Covered Bond other than a Zero Coupon Covered Bond (but including an Instalment Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the "**Amortised Face Amount**") equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Covered Bond payable in a Specified Currency other than euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Covered Bond payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365).

(f) ***Instalments***

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 6(e) (*Early Redemption Amounts*).

(g) ***Purchases***

The Issuer or any of its subsidiaries or the LLP may at any time purchase or otherwise acquire Covered Bonds (**provided that**, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are attached thereto or surrendered therewith) at any price and in any manner. If purchases are made by tender, tenders must be available to all holders of the Covered Bonds alike. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the relevant subsidiary, surrendered to any Paying Agent and/or the Registrar for cancellation (except that any Covered Bonds purchased or otherwise

acquired by the LLP must immediately be surrendered to any Paying Agent and/or the Registrar for cancellation).

(h) **Cancellation**

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6(g) (*Purchases*) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be held, reissued or resold.

(i) **Late payment on Zero Coupon Covered Bonds**

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 6(a) (*Final redemption*), (b) (*Redemption for taxation reasons*) or (c) (*Redemption at the option of the Issuer (Issuer Call)*) or upon its becoming due and repayable as provided in Condition 9 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition 6(e)(iii) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent or the Bond Trustee or the Registrar and notice to that effect has been given to the holders of the Covered Bonds either in accordance with Condition 13 (Notices) or individually.

(j) **Certification on redemption under Conditions 6(b) and 6(d)**

Prior to the publication of any notice of redemption pursuant to Conditions 6(b) (*Redemption for taxation reasons*) and (d) (*Redemption due to illegality*), the Issuer shall deliver to the Bond Trustee a certificate signed by two Authorised Signatories (as defined in the Master Definitions Schedule) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all holders of the Covered Bonds, Receiptholders and Couponholders.

7. **Taxation**

All payments of principal and interest (if any) in respect of the Covered Bonds, Receipts and Coupons by or on behalf of the Issuer or the LLP, as the case may be, will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political sub-division thereof or by any authority therein or thereof having power to tax unless such withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event of a withholding or deduction being made by the Issuer in respect of a payment made by it, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond, Receipt or Coupon:

- (a) presented for payment in the United Kingdom; or

- (b) the holder of which: (i) is able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other claim for exemption to the relevant taxing authority but fails to do so; or (ii) is liable for such taxes, duties, assessments or governmental charges in respect of such Covered Bonds, Receipts or Coupons (as the case may be) by reason of his having some connection with the United Kingdom other than merely by reason of the holding of such Covered Bonds, Receipts or Coupons; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days; or
- (d) where the holder is able to avoid such withholding or deduction by presenting an appropriate certificate.

Notwithstanding any other provision in these Conditions, the Issuer and LLP shall be permitted to withhold or deduct any amounts required pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, any intergovernmental agreement, or any implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). Neither the Issuer nor the LLP will have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

As used herein:

"**Relevant Date**" means the date on which such payment in respect of the Covered Bond, Receipts or Coupon first becomes due and payable, except that, if the full amount of the moneys payable on such date has not been duly received by the Bond Trustee, the Registrar or the Principal Paying Agent on or prior to such date, it means the date on which such moneys have been so received, notice to that effect having been given to the holders of the Covered Bonds in accordance with Condition 13 (*Notices*).

Should any payments made by the LLP under the Covered Bond Guarantee be made subject to any withholding or deduction on account of taxes or duties of whatever nature imposed or levied by or on account of the United Kingdom (or any other jurisdiction) or any political sub-division thereof or by any authority having power to tax, the LLP will not be obliged to pay any additional amounts as a consequence.

## 8. **Prescription**

The Covered Bonds (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within 10 years (in the case of principal) and five years (in the case of interest) in each case from the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor, subject in each case to the provisions of Condition 5 (*Payments*).

There shall not be included in any Coupon sheet issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5 (*Payments*) or any Talon which would be void pursuant to Condition 5 (*Payments*).

## 9. **Events of Default and Enforcement**

### (a) ***Issuer Events of Default***

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution (as defined in the Trust Deed) referred to in this Condition 9(a) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Trust Deed) then outstanding as if they were a single Series (with the nominal amount of Covered Bonds not denominated in Sterling

converted into Sterling at the relevant Swap Rate (as defined in the Master Definitions Schedule)), or if so directed by an Extraordinary Resolution of all the holders of the Covered Bonds shall (but in the case of the occurrence of any of the events mentioned in sub-paragraphs (ii) to (viii) below, only if the Bond Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series and **provided that** a breach of any obligation to provide notices to the FCA under the RCB Regulations and/or the RCB Sourcebook shall not in itself be considered materially prejudicial to the interests of the Covered Bondholders by the Bond Trustee) (subject in each case to being indemnified and/or secured to its satisfaction), give notice (an "**Issuer Acceleration Notice**") in writing to the Issuer that as against the Issuer (but not, for the avoidance of doubt, against the LLP under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Issuer Event of Default**") shall occur and be continuing:

- (i) the Issuer fails to pay any principal or interest in respect of the Covered Bonds within seven days of the due date; or
- (ii) if the Issuer fails to perform or observe any obligations under the Covered Bonds, Receipts or Coupons of any Series, the Trust Deed or any other Transaction Document to which the Issuer is a party (other than the Programme Agreement and the Subscription Agreement) and such failure continues for a period of 30 days (or such longer period as the Bond Trustee may permit) after written notification by the Bond Trustee to the Issuer requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied shall have been given to the Issuer by the Bond Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the bankruptcy or liquidation or winding-up of the Issuer (except a bankruptcy, liquidation or winding-up for the purpose of a reconstruction, union, transfer, merger, amalgamation or reorganisation following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution); or
- (iv) if the Issuer ceases to carry on its business or substantially the whole of its business (except a bankruptcy, liquidation or winding-up for the purpose of a reconstruction, union, transfer, merger, amalgamation or reorganisation following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution); or
- (v) proceedings shall be initiated against the Issuer under any applicable liquidation, winding-up, insolvency, bankruptcy, reorganisation or other similar laws (except a bankruptcy, liquidation or winding-up for the purpose of a reconstruction, union, transfer, merger, amalgamation or reorganisation following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution) or a receiver, administrator, trustee or other similar official shall be appointed in relation to the Issuer or in relation to the whole or a substantial part (having an aggregate book value of in excess of £50 million) of its assets or a distress, diligence or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of its assets (having an aggregate book value of in excess of £50 million) and, in any of the foregoing cases, it shall not be discharged within 30 days; or if the Issuer shall initiate or consent to any applicable liquidation, winding-up, insolvency, bankruptcy, reorganisation or other similar process (except in connection with a bankruptcy, liquidation or winding-up for the purpose of a reconstruction, union, transfer, merger, amalgamation or reorganisation following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution) or shall make a conveyance, assignment for the benefit of, or shall enter into any composition with, its creditors generally; or



- (vi) the Issuer shall be unable to pay its debts (other than any debts disputed in good faith) as they fall due (within the meaning of Sections 123(1)(b) to (e) and Section 123(2) of the Insolvency Act 1986 as that section may be amended) or shall admit inability to pay its debts as they fall due or shall stop payment in respect of any debts that are due (save, in the case of stopping payments, in each case in respect of any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series) or shall be adjudged or found bankrupt or insolvent; or
- (vii) a failure to satisfy the Asset Coverage Test (as set out in the LLP Deed) on any Calculation Date prior to the service of a Notice to Pay on the LLP which has not been cured by the LLP by the next following Calculation Date; or
- (viii) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached less than six months (in the case of a breach under limbs (a) and (b) of the definition of "Pre-Maturity Test") or 11 months (in the case of a breach under limb (c) of the definition of "Pre-Maturity Test") prior to the Final Maturity Date of that Series of Hard Bullet Covered Bonds (or such other longer or shorter period with respect to any Pre-Maturity Rating Trigger as the Cash Manager may confirm in writing provided that such period shall not be less than six months), and the LLP has not cured the breach as described in the LLP Deed before the earlier to occur of (i) 10 London Business Days from the date that the Seller is notified of the breach of the Pre-Maturity Test and (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds.

In relation to sub-paragraph (ii) above, failure by the Issuer to comply with the RCB Regulations shall not in itself be an Issuer Event of Default unless such failure results in a further breach of the Issuer's obligations under the Covered Bonds, Receipts or Coupons of any Series, the Trust Deed or any other Transaction Document to which the Issuer is a party (other than the Programme Agreement and the Subscription Agreement) in accordance with sub-paragraph (ii) above.

Upon the Covered Bonds becoming immediately due and repayable against the Issuer pursuant to this Condition 9(a), the Bond Trustee shall forthwith serve a notice to pay (the "**Notice to Pay**") on the LLP pursuant to the Covered Bond Guarantee and the LLP shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may or shall take such proceedings against the Issuer in accordance with the first paragraph of Condition 9(c) (*Enforcement*).

The Trust Deed provides that all moneys received by the Bond Trustee from the Issuer or any receiver, liquidator, administrator or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (the "**Excess Proceeds**"), shall be paid by the Bond Trustee on behalf of the holders of the Covered Bonds of the relevant Series to the LLP for its own account, as soon as practicable, and shall be held by the LLP in the GIC Account and the Excess Proceeds shall thereafter form part of the Security and shall be used by the LLP in the same manner as all other moneys from time to time standing to the credit of the GIC Account pursuant to the Deed of Charge and the LLP Deed. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds, Receipts and Coupons. However, the obligations of the LLP under the Covered Bond Guarantee are (following service of a Notice to Pay) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any of such obligations.

By subscribing for Covered Bond(s), each holder of the Covered Bonds shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the LLP in the manner as described above.

(b) ***LLP Events of Default***

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9(b) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Trust Deed) then outstanding as if they were a single Series (with the nominal amount of Covered Bonds not denominated in Sterling converted into Sterling at the relevant Swap Rate), or if so directed by an Extraordinary Resolution of all the holders of the Covered Bonds shall (subject in each case to being indemnified and/or secured to its satisfaction), but in the case of the occurrence of any of the events described in sub-paragraphs (ii) to (vii) below, 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 holders of the Covered Bonds of any Series, and **provided that** a breach of any obligation to provide notices to the FCA under the RCB Regulations and/or the RCB Sourcebook shall in itself not be considered materially prejudicial to the interests of the Covered Bondholders by the Bond Trustee, give notice (the "**LLP Acceleration Notice**") in writing to the Issuer and to the LLP, that (x) each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest and (y) all amounts payable by the LLP under the Covered Bond Guarantee shall thereupon immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest, in each case as provided in the Trust Deed, and thereafter the Security shall become enforceable if any of the following events (each an "**LLP Event of Default**") shall occur and be continuing:

- (i) default is made by the LLP for a period of seven days or more in the payment of any Guaranteed Amounts when Due for Payment in respect of the Covered Bonds of any Series except in the case of the payments of a Guaranteed Amount when Due for Payment under Condition 6(a) (*Final redemption*) where the LLP shall be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein; or
- (ii) default is made by the LLP in the performance or observance of any obligation, condition or provision binding on it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Trust Deed, the Deed of Charge or any other Transaction Document to which the LLP is a party and such failure continues for a period of 30 days (or such longer period as the Bond Trustee may permit) after written notification by the Bond Trustee to the LLP requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied shall have been given to the LLP by the Bond Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the liquidation or winding-up of the LLP; or
- (iv) if the LLP ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (v) the LLP shall stop payment or shall be unable, or shall admit inability, to pay its debts generally as they fall due or shall be adjudicated or found bankrupt or insolvent; or
- (vi) proceedings are initiated against the LLP under any applicable liquidation, winding-up, insolvency, bankruptcy, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition or the filing of documents with a court or any registrar for its winding-up, administration or dissolution or the giving of notice of the intention to appoint an administrator (whether out of court or otherwise)); or a receiver and/or manager, administrative receiver, administrator, trustee or other similar official shall be appointed (whether out of court or otherwise) in relation to the LLP or in relation to the whole or any part of its assets, or a distress, diligence or execution or other process shall be levied or enforced upon or sued out against the whole or any part

of its assets, or if the LLP shall initiate or consent to judicial proceedings relating to itself under any applicable liquidation, winding-up, insolvency, bankruptcy, composition, reorganisation or other similar laws or shall make a conveyance, assignment or assignation for the benefit of, or shall enter into any composition with, its creditors generally; or

- (vii) a failure to satisfy the Amortisation Test (as set out in the LLP Deed) on any Calculation Date following an Issuer Event of Default.

Following the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice on the LLP, each of the Bond Trustee and the Security Trustee may or shall take such proceedings or steps in accordance with the first and second paragraphs, respectively, of Condition 9(c) (*Enforcement*) and the holders of the Covered Bonds shall have a claim against the LLP, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 7 (*Taxation*)) as provided in the Trust Deed in respect of each Covered Bond.

(c) ***Enforcement***

The Bond Trustee may at any time take such proceedings against the Issuer and/or the LLP, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Trust Deed, the Covered Bonds, the Receipts and the Coupons, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds, the Receipts or the Coupons or any other Transaction Document unless (i) it shall have been so directed by an Extraordinary Resolution of all the holders of the Covered Bonds of all Series (with the Covered Bonds of all Series taken together as a single Series as aforesaid) or so requested in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together and converted into Sterling at the relevant Swap Rate as aforesaid) and (ii) it shall have been indemnified and/or secured to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions the Bond Trustee shall only have regard to the interests of the holders of the Covered Bonds of all Series and shall not have regard to the interests of any other Secured Creditors.

The Security Trustee may at any time, at its discretion and without further notice, take such proceedings against the LLP and/or any other person as it may think fit to enforce the provisions of the Deed of Charge and may, at any time after the Security has become enforceable, take such steps as it may think fit to enforce the Security, but it shall not be bound to take any such steps unless: (i) it shall have been so directed by an Extraordinary Resolution of all the holders of the Covered Bonds of all Series (with the Covered Bonds of all Series taken together as a single Series as aforesaid) or a request in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together converted into Sterling at the relevant Swap Rate as aforesaid); and (ii) it shall have been indemnified and/or secured to its satisfaction. In exercising any of its powers, trusts, authorities and discretions under this paragraph the Security Trustee shall only have regard to the interests of the holders of the Covered Bonds of all Series and shall not have regard to the interests of any other Secured Creditors.

No holder of the Covered Bonds, Receiptholder or Couponholder shall 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 Receipts, the Coupons or the Security unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails so to do within a reasonable time and such failure shall be continuing.

10. **Replacement of Covered Bonds, Receipts, Coupons and Talons**

Should any Covered Bond, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent in London (in the case of Bearer Covered Bonds, Receipts, or Coupons) or the Registrar (in the case of

Registered Covered Bonds), or any other place approved by the Bond Trustee of which notice shall have been published in accordance with Condition 13 (*Notices*), upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. **Principal Paying Agent, Paying Agents, Registrar, Transfer Agent and Exchange Agent**

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar, the initial Transfer Agent, the initial Exchange Agent and their initial specified offices are set out below.

In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Principal Paying Agent, or failing duly to determine the Rate of Interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer shall appoint the London office of such other bank as may be approved by the Bond Trustee to act as such in its place. The Principal Paying Agent may not resign its duties or be removed from office without a successor having been appointed as aforesaid.

The Issuer is entitled, with the prior written approval of the Bond Trustee, to vary or terminate the appointment of any Paying Agent or the Registrar and/or appoint additional or other Paying Agents or the Registrar and/or approve any change in the specified office through which any Paying Agent or the Registrar acts, **provided that**:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) the Issuer will, so long as any of the Covered Bonds is outstanding, maintain a Paying Agent (which may be the Principal Paying Agent) having a specified office in a city approved by the Bond Trustee in continental Europe;
- (c) so long as any of the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or as the case may be, other relevant authority; and
- (d) so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(e) (*General provisions applicable to payments*). Notice of any such variation, termination, appointment or change will be given by the Issuer to the holders of the Covered Bonds as soon as reasonably practicable in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the LLP and, in certain circumstances specified therein, the Bond Trustee and do not assume any obligation to, or relationship of agency or trust with, any holders of the Covered Bonds, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and

including) the final date for the payment of interest due in respect of the Bearer Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13. **Notices**

(a) ***To holders of Bearer Covered Bonds***

All notices regarding the Bearer Covered Bonds will be valid if published in the Financial Times or any other daily newspaper in London approved by the Bond Trustee or, if this is not possible, in one other English language daily newspaper approved by the Bond Trustee with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Covered Bonds are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers or, where published in such newspapers on different dates, the last date of such first publication.

(b) ***To holders of Registered Covered Bonds***

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Covered Bonds are listed, quoted or traded on a stock exchange or are admitted to listing by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

(c) ***To holders of Global Covered Bonds***

So long as the Covered Bonds are represented in their entirety by any Global Covered Bonds held on behalf of DTC and/or Euroclear and/or Clearstream, Luxembourg, there may be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Covered Bonds and, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of the stock exchange, or as the case may be, other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or, as the case may be, any other relevant authority. Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the day on which the said notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg.

14. **Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of the holders of the Covered Bonds to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed. The quorum at any such meeting in respect of any Covered Bonds of any Series for passing an Extraordinary Resolution is one or more persons holding or representing not less than a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing holders of the Covered Bonds whatever the nominal amount of the Covered Bonds of such Series so held or represented, except that at any meeting the business of which includes the modification of any Series Reserved Matter, the quorum shall be one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. An Extraordinary Resolution passed at any meeting of the holders of the Covered Bonds of a Series shall, subject as provided below, be binding on all the holders of the Covered Bonds of such Series, whether or not they are

present at the meeting, and on all Receiptholders and Couponholders in respect of such Series of Covered Bonds. Pursuant to the Trust Deed, 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, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default and Enforcement*) or to direct the Bond Trustee or the Security Trustee to take any enforcement action (each a "**Programme Resolution**") shall only be capable of being passed at a single meeting of the holders of the Covered Bonds of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the LLP or the Bond Trustee or by holders of the Covered Bonds of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the nominal amount of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the holders of the Covered Bonds of all Series shall be binding on all holders of the Covered Bonds of all Series, whether or not they are present at the meeting, and on all related Receiptholders and Couponholders in respect of such Series of Covered Bonds.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in Sterling, the nominal amount of the Covered Bonds of any Series not denominated in Sterling shall be converted into Sterling at the relevant Swap Rate.

The Bond Trustee, the Security Trustee, the LLP and the Issuer without the consent of the holders of the Covered Bonds of any Series and/or the related Receiptholders and Couponholders and without the consent of the other Secured Creditors (and for this purpose the Bond Trustee and the Security Trustee may disregard whether any such modification relates to a Series Reserved Matter):

- (a) may also agree to any modification of the Covered Bonds of one or more Series, the related Receipts and/or Coupons or any Transaction Document **provided that** (i) the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of any of the holders of the Covered Bonds of any Series, and (ii) the Security Trustee is of the opinion that such modification will not be materially prejudicial to the interests of any of the holders of the Covered Bonds of any Series; or
- (b) may also agree to any modification of the Covered Bonds of any one or more Series, the related Receipts and/or Coupons or any Transaction Document which in the opinion of the Bond Trustee and the Security Trustee (i) is made to correct a manifest error (or an error established as such to the satisfaction of the Bond Trustee and the Security Trustee) or (ii) is of a formal, minor or technical nature or is made to comply with mandatory provisions of law; or
- (c) shall also agree to any modification of the Covered Bonds of one or more Series, the related Receipts and/or Coupons or any Transaction Document which the Issuer and/or the LLP shall (i) have certified in writing to the Bond Trustee and the Security Trustee as being a modification that is required by, and seeks only to implement, new or anticipated criteria of any Rating Agency and (ii) have obtained a Rating Agency Confirmation in respect of such modification. Notwithstanding anything to the contrary herein or in the other Transaction Documents, the Bond Trustee and the Security Trustee shall not be responsible for any liability that may be occasioned to any person by acting in accordance with the provisions of this Condition 14 and/or the Trust Deed based on the written certification it receives from the Issuer and/or the LLP; or
- (d) shall also agree to any modification of the Covered Bonds of one or more Series, the related Receipts and/or Coupons or any Transaction Document which the Issuer and/or the LLP shall have certified in writing to the Bond Trustee and the Security Trustee as

being a modification that is required by, and seeks only to implement, any requirements which apply to it and/or any other party under EMIR. Notwithstanding anything to the contrary herein or in the other Transaction Documents, the Bond Trustee and the Security Trustee shall not be responsible for any liability that may be occasioned to any person by acting in accordance with the provisions of this Condition 14 and/or the Trust Deed based on the written certification it receives from the Issuer and/or the LLP; or

- (e) shall concur with the Issuer in making any modification (other than in respect of a Series Reserved Matter, provided that a Base Rate Modification (as defined below) will not constitute a Series Reserved Matter) to the Conditions and/or any Transaction Document (including, for the avoidance of doubt but without limitation, the Covered Bond Swap in relation to the relevant Series of Covered Bonds and subject to the consent only of the Secured Creditors (i) party to the relevant Transaction Document being amended or (ii) whose ranking in any Priorities of Payments is affected) that the Issuer considers necessary for the purpose of changing the base rate in respect of the Covered Bonds from LIBOR, EURIBOR, SONIA or such other benchmark rate (each, a "**Reference Rate**") to an alternative base rate (any such rate, an "**Alternative Base Rate**") and make such other amendments as are necessary or advisable in the reasonable judgement of the Issuer to facilitate such change (a "**Base Rate Modification**"), provided that:
- (A) the Issuer certifies to the Bond Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
- (i) such Base Rate Modification is being undertaken due to:
- (I) a material disruption to the relevant Reference Rate, an adverse change in the methodology of calculating the relevant Reference Rate or the relevant Reference Rate ceasing to exist or be published;
- (II) a public statement by the administrator of the relevant Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator for the Reference Rate has been appointed that will continue publication of the relevant Reference Rate) and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable;
- (III) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable;
- (IV) a public statement by the supervisor of the administrator of the relevant Reference Rate that means such Reference Rate may no longer be used or that its use is subject to restrictions or adverse consequences; or
- (V) the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (I), (II), (III) or (IV) above will occur or exist within six months of the proposed effective date of such Base Rate Modification,

and, in each case, has been drafted solely to such effect; and

- (B) such Alternative Base Rate is:
  - (1) a base rate published, endorsed, approved or recognised by the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Covered Bonds are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or
  - (2) in relation to LIBOR, the Sterling Overnight Index Average (or any rate which is derived from, based upon or otherwise similar to either of the foregoing); or
  - (3) a base rate utilised in a material number of publicly-listed new issues of floating rate covered bonds or floating rate senior unsecured notes prior to the effective date of such Base Rate Modification (for these purposes, unless agreed otherwise by the Bond Trustee, five such issues shall be considered material); or
  - (4) a base rate utilised in a publicly-listed new issue of floating rate covered bonds where the issuer (or, in the case of asset backed securities, the originator of the relevant assets) is the Issuer or an Affiliate of the Issuer;
- (C) at least 30 days' prior written notice of any Base Rate Modification has been given to the Bond Trustee;
- (D) the Base Rate Modification Certificate is provided to the Bond Trustee both at the time the Bond Trustee is notified of the Base Rate Modification and on the effective date of such Base Rate Modification;
- (E) with respect to each Rating Agency, either:
  - (1) the Issuer obtains from such Rating Agency written confirmation that such Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the relevant Covered Bonds of any Series by such Rating Agency or (y) such Rating Agency placing the Covered Bonds of any Series on rating watch negative (or equivalent), and delivers a copy of each such confirmation to the Bond Trustee; or
  - (2) the Issuer certifies in writing to the Bond Trustee that it has notified such Rating Agency of the Base Rate Modification and, in its opinion, formed on the basis of due consideration and consultation with such Rating Agency (including, as applicable, upon receipt of oral confirmation from an appropriately authorised person at such Rating Agency), such Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Covered Bonds of any Series by such Rating Agency or (y) such Rating Agency placing the Covered Bonds of any Series on rating watch negative (or equivalent);
- (F) the Issuer pays (or arranges for the payment of) all reasonable and documented fees, costs and expenses (including legal fees) incurred by the Bond Trustee and the Security Trustee in connection with such Base Rate Modification;
- (G) the Issuer has provided at least 30 days' notice to the Covered Bondholders of the relevant Series of Covered Bonds of the Base Rate Modification in accordance with Condition 13 (Notices) and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds (in each case specifying the date and time by which Covered Bondholders must respond), and Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then



outstanding have not contacted the Issuer or the Principal Paying Agent in accordance with the then current practice of any applicable Clearing System through which such Covered Bonds may be held by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification.

If Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have notified the Issuer or the Principal Paying Agent in accordance with the then current practice of any applicable Clearing System through which the Covered Bonds may be held by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification, then the Base Rate Modification will not be made unless an Extraordinary Resolution of the Covered Bondholders of the relevant Series then outstanding is passed in favour of the Base Rate Modification in accordance with this Condition 14.

- (f) When implementing any modification pursuant to paragraph (e) above:
- (i) (save to the extent the Bond Trustee considers that the proposed modification would constitute a Series Reserved Matter, provided that a Base Rate Modification will not constitute a Series Reserved Matter), the Bond Trustee shall not consider the interests of the Covered Bondholders, any other Secured Creditor or any other person and shall act and rely solely and without investigation or liability on any Base Rate Modification Certificate or other certificate or evidence provided to it by the Issuer and shall not be liable to the Covered Bondholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
  - (ii) neither the Bond Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Bond Trustee and/or the Security Trustee would have the effect of (A) exposing the Bond Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or duties, or decreasing the rights, powers, authorisations, discretions, indemnification or protections, of the Bond Trustee and/or the Security Trustee in the Transaction Documents and/or these Conditions.

The Bond Trustee may also agree, without the consent of the holders of the Covered Bonds of any Series and/or the related Receiptholders and Couponholders, to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Covered Bonds of any Series, or determine, without any such consent as aforesaid, that any Issuer Event of Default or LLP Event of Default or Potential Issuer Event of Default or Potential LLP Event of Default shall not be treated as such, **provided that**, in any such case, it is not, in the opinion of the Bond Trustee, materially prejudicial to the interests of any of the holders of the Covered Bonds of any Series. The Security Trustee may also agree, without the consent of the holders of the Covered Bonds of any Series and/or the related Receiptholders and Couponholders or any other Secured Creditor, to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Transaction Documents, **provided that**, in any such case, it is not, in the opinion of the Security Trustee, materially prejudicial to the interests of any of the holders of the Covered Bonds of any Series.

The Bond Trustee may only agree to a substitution of the existing Issuer with another entity if the transfer of the Issuer's benefits and obligations in relation to the Covered Bonds complies with Regulation 19 of the RCB Regulations.

Prior to the Bond Trustee agreeing to any modification, waiver, authorisation or determination pursuant to this Condition 14, the Issuer must send written confirmation to the Bond Trustee that such modification, waiver, authorisation or determination, as applicable, would not result in a breach of the RCB Regulations and that either:

- (a) such modification, waiver, authorisation or determination would not require the FCA to be notified in accordance with Regulation 20 of the RCB Regulations; or
- (b) if such modification, waiver, authorisation or determination would require the FCA to be notified in accordance with Regulation 20 of the RCB Regulations, the Issuer has provided all information required to be provided to the FCA and the FCA has consented to such proposed modification, waiver, authorisation or determination.

Any such modification, waiver, authorisation or determination shall be binding on all holders of the Covered Bonds of all Series of Covered Bonds for the time being outstanding and the related Receiptholders and Couponholders and the other Secured Creditors, and unless the Security Trustee and the Bond Trustee otherwise agree, any such modification shall be notified by the Issuer to the holders of the Covered Bonds of all Series of Covered Bonds for the time being outstanding and the other Secured Creditors in accordance with the relevant terms and conditions as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), 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 (but shall not have regard to any interests arising from circumstances particular to individual holders of the Covered Bonds, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual holders of the Covered Bonds, the related Receiptholders and Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee and the Security Trustee shall not be entitled to require, nor shall any holder of the Covered Bonds, Receiptholder or Couponholder be entitled to claim, from the Issuer, the LLP, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual holders of the Covered Bonds, Receiptholders and/or Couponholders, except to the extent already provided for in Condition 7 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

#### ***Substitution***

- (a) Subject as provided in the Trust Deed, the Bond Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the holders of the Covered Bonds, may agree, without the consent of the holders of the Covered Bonds, Receiptholders or Couponholders, to the substitution of any successor in business of the Issuer or of a Subsidiary of the Issuer or any such successor in business, in place of the Issuer as principal debtor under the Covered Bonds and the Trust Deed, provided (in case of the substitution of any company which is a Subsidiary of the Issuer or such successor in business) that the obligations of such Subsidiary in respect of the Covered Bonds and the Trust Deed in respect thereof shall be guaranteed by the Issuer or such successor in business in such form as the Bond Trustee may require.
- (b) Any substitution pursuant to this Condition 14 shall be binding on the holders of the Covered Bonds, Receiptholders and Couponholders and, unless the Bond Trustee agrees otherwise, shall be notified to the holders of the Covered Bonds as soon as practicable thereafter in accordance with Condition 13 (*Notices*).

For the purposes of this Condition 14:

**"Potential Issuer Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default;

**"Potential LLP Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand,

determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an LLP Event of Default; where, in each of the cases in paragraphs (a) to (d) above, the terms of the proposed transaction have been previously approved by the Bond Trustee or by an Extraordinary Resolution of the holders of the Covered Bonds; and

"**Series Reserved Matter**" in relation to Covered Bonds of a Series means: (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (ii) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made; (iii) alteration of the majority required to pass an Extraordinary Resolution; (iv) any amendment to the Covered Bond Guarantee or the Deed of Charge (except in a manner determined by the Bond Trustee not to be materially prejudicial to the interests of the holders of the Covered Bonds of any Series); (v) except in accordance with Condition 6(d) (*Redemption due to Illegality*) or this Condition 14, the sanctioning of any such 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 holders of the Covered Bonds 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 (vi) alteration of the proviso to paragraph 5 or paragraph 6 of Schedule 4 to the Trust Deed.

15. **Indemnification of the Bond Trustee and/or Security Trustee and Bond Trustee and/or Security Trustee Contracting with the Issuer and/or the LLP**

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Bond Trustee or the Security Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Bond Trustee or the Security Trustee shall not exercise such power, trust, authority or discretion without the approval of such holders of the Covered Bonds by Extraordinary Resolution or by a direction in writing of such holders of the Covered Bonds of at least 25 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

The Trust Deed and the Deed of Charge contain provisions for the indemnification of the Bond Trustee and the Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action unless indemnified and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, is entitled, *inter alia*, (i) to enter into business transactions with the Issuer, the LLP and/or any of their respective Subsidiaries and affiliates and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the LLP and/or any of their respective Subsidiaries and affiliates, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the holders of the Covered Bonds, Receiptholders or Couponholders or the other Secured Creditors and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Neither the Bond Trustee nor the Security Trustee will be responsible for any loss, expense or liability, which may be suffered as a result of any Mortgage Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee and/or the Security Trustee. Neither the Bond Trustee nor the Security Trustee will be responsible for: (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Bond Trustee and the Security Trustee will be entitled to assume,

until they each have written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Portfolio, including, without limitation, whether the Portfolio is in compliance with the Asset Coverage Test, the Pre-Maturity Test or the Amortisation Test; or (iv) monitoring whether Mortgage Loans and Related Security satisfy the Eligibility Criteria. Neither the Bond Trustee nor the Security Trustee will be liable to any holder of the Covered Bonds or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

16. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the holders of the Covered Bonds, the Receiptholders or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. **Governing Law**

The Trust Deed, the Agency Agreement, the corporate services agreement entered into by the LLP with, *inter alios*, Intertrust Management Limited and the LLP on the Programme Date (the "**Corporate Services Agreement**"), the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents (other than each declaration of trust in relation to the sale of Scottish Mortgage Loans and their related security by the Issuer to the LLP (each a "**Scottish Declaration of Trust**"), certain documents to be granted pursuant to the Deed of Charge and the Corporate Services Agreement) will be governed by, and construed in accordance with, English law unless specifically stated to the contrary. Each Scottish Declaration of Trust will be governed by, and shall be construed in accordance with, Scots law. Certain documents to be granted pursuant to the Deed of Charge will be governed by, and construed in accordance with, Scots law. Certain documents to be granted pursuant to the Deed of Charge and certain terms of the Mortgage Sale Agreement will be governed and construed in accordance with Northern Irish law.

## UNITED KINGDOM TAXATION

*The comments below are of a general nature and are not intended to be exhaustive. They are not intended as tax advice and do not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. They are based on the Issuer's understanding of current United Kingdom law and HM Revenue & Customs ("HMRC") published practice. The United Kingdom tax treatment of prospective holders of Covered Bonds depends on their individual circumstances and may be subject to change, sometimes with retrospective effect. The comments below relate only to the position of persons who are the absolute beneficial owners of their Covered Bonds and all payments made thereon. The following comments relate only to United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Covered Bonds and they do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Covered Bonds.*

*Holders of Covered Bonds who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisors as to whether they are so liable (and, if so, under the laws of which jurisdictions). In particular, holders of Covered Bonds should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

*Any holders of Covered Bonds who are in doubt as to their tax position should consult their professional advisors.*

### **Payment of Interest by the Issuer on the Covered Bonds**

Interest on the Covered Bonds may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax provided that the Covered Bonds are and continue to be "listed on a recognised stock exchange", as defined in Section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. The Covered Bonds will be treated as "listed" on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and are admitted to trading on the Regulated Market of the London Stock Exchange. Provided, therefore, that the Covered Bonds are and remain so listed, interest on the Covered Bonds will be payable by the Issuer without withholding or deduction for or on account of United Kingdom income tax.

In addition, the Issuer will be entitled to make payments of interest on the Covered Bonds without withholding or deduction on account of United Kingdom income tax; provided that:

- (a) the Issuer is and continues to be a bank within the meaning of Section 991 of the Income Tax Act 2007 ("ITA 2007"); and
- (b) the interest on the Covered Bonds is and continues to be paid in the ordinary course of the Issuer's business within the meaning of Section 878 ITA 2007.

Payments of interest on Covered Bonds may also be made without deduction of or withholding on account of United Kingdom income tax where the maturity of the Covered Bonds is less than 365 days and those Covered Bonds do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Covered Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any other available exemptions or reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld), HMRC may issue a notice to the Issuer to pay interest to the holder of Covered Bonds without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### **Payments by the LLP**

The United Kingdom withholding tax treatment of payments by the LLP under the terms of the Covered Bond Guarantee which have a United Kingdom source is uncertain. In particular, such payments by the

LLP may not be eligible for the exemptions described above in relation to payments of interest. Accordingly, if the LLP makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate. If payments by the LLP are subject to any withholding or deduction for or on account of tax, the LLP will not be required to pay any additional amounts as a result of that withholding.

## U.S. FEDERAL INCOME TAXATION

The following summary discusses the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of the Covered Bonds. Except as specifically noted below, this discussion applies only to:

- (i) Covered Bonds purchased on original issuance at their issue price (as defined below); and
- (ii) Covered Bonds held as capital assets.

This discussion does not describe all of the tax consequences that may be relevant in light of a Holder's particular circumstances or to Holders subject to special rules, such as:

- (i) financial institutions;
- (ii) insurance companies;
- (iii) dealers in securities or foreign currencies;
- (iv) persons holding Covered Bonds as part of a hedging transaction, straddle, conversion transaction or other integrated transaction;
- (v) U.S. Holders whose functional currency is not the U.S. dollar;
- (vi) partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- (vii) former citizens and residents of the United States.

Further, this summary does not address alternative minimum tax consequences, the Medicare tax on net investment income, special rules for the taxable year of inclusion for accrual basis taxpayers under Section 451(b) of the Code or the indirect effects on the holders of equity interests in a U.S. Holder. This summary also does not address the U.S. federal estate and gift tax consequences to holders of Covered Bonds.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations, all as of the date of this Base Prospectus, and any of which may at any time be repeated, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. Persons considering the purchase of the Covered Bonds should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This summary does not discuss Covered Bonds that by their terms may be retired for an amount less than their principal amount and Covered Bonds subject to special rules. Moreover, this summary does not discuss Bearer Covered Bonds that are not in registered form for U.S. federal income tax purposes. In general, U.S. federal income tax law imposes significant limitations on U.S. Holders of such Bearer Covered Bonds. U.S. Holders should consult their tax advisors regarding the restrictions and penalties imposed under U.S. federal income tax law with respect to such Bearer Covered Bonds and any other tax consequences with respect to the acquisition, ownership and disposition of any of these Covered Bonds.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Covered Bond that is, for U.S. federal income tax purposes:

- (i) a citizen or individual resident of the United States;
- (ii) a corporation created or organized in or under the laws of the United States or of any state thereof or the District of Columbia;
- (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all

substantial decisions of the trust or if it has validly elected to be treated as a "U.S. person" for U.S. federal income tax purposes.

The term "**Non-U.S. Holder**" means a beneficial owner of a Covered Bond that is not a partnership or a U.S. Holder. If an entity that is classified as a partnership for U.S. federal income tax purposes holds Covered Bonds, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Covered Bonds should consult with their tax advisors regarding the U.S. federal tax consequences of an investment in the Covered Bonds.

## **Taxation of U.S. Holders**

### *Payments of Stated Interest*

Interest paid on a Covered Bond will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the Holder's method of accounting for U.S. federal income tax purposes, **provided that**, the interest is "**qualified stated interest**" (as defined below). Interest income earned by a U.S. Holder with respect to a Covered Bond will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the Holder's foreign tax credit limitation. The rules regarding foreign tax credits are complex, and prospective investors should consult their tax advisors about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount Covered Bonds and foreign currency Covered Bonds are described under "*U.S. Federal Income Taxation — Taxation of U.S. Holders – Original Issue Discount*", "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Contingent Payment Debt Covered Bonds*", and "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Foreign Currency Covered Bonds*".

### *Original Issue Discount*

A Covered Bond that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued at an original discount for U.S. federal income tax purposes (and will be referred to as an "**original issue discount Covered Bond**") unless the Covered Bond satisfies a *de minimis* threshold (as described below) or is a short-term Covered Bond (as defined below). The "issue price" of a Covered Bond generally will be the first price at which a substantial amount of the Covered Bonds are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Covered Bond generally will equal the sum of all payments required to be made under the Covered Bond other than payments of "qualified stated interest". "Qualified stated interest" is stated interest unconditionally payable (other than in debt of the issuer) at least annually during the entire term of the Covered Bond at a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Covered Bond is denominated.

If the difference between a Covered Bond's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e. generally  $\frac{1}{4}$  of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity, the Covered Bond will not be considered to have original issue discount. A Covered Bond that provides for the payment of amounts other than qualified stated interest before maturity will be an original issue discount Covered Bond if the excess of the Covered Bond's stated redemption price at maturity over its issue price is equal to or greater than a *de minimis* amount of  $\frac{1}{4}$  of 1 per cent. of the Covered Bond's stated redemption price at maturity multiplied by the weighted average maturity of the Covered Bond. U.S. Holders of the Covered Bonds with less than a *de minimis* amount of original issue discount generally will include this original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Covered Bond.

U.S. Holders of original issue discount Covered Bonds that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under these rules, U.S. Holders generally will have



to include in taxable income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any particular Covered Bond (including stated interest, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election only with the permission of the U.S. Internal Revenue Service ("IRS") (a "**Constant Yield Election**"). If a U.S. Holder makes a Constant Yield Election with respect to a Covered Bond with market discount (discussed below), the U.S. Holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies. U.S. Holders should consult their tax advisors about making this election in light of their particular circumstances.

A Covered Bond that matures one year or less from its date of issuance (a "**short-term Covered Bond**") will be treated as being issued at a discount, and none of the interest paid on the Covered Bond will be treated as qualified stated interest regardless of issue price. In general, a cash method U.S. Holder of a short-term Covered Bond is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so. Holders who so elect and certain other Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Covered Bond will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Covered Bonds in an amount not exceeding the accrued discount until the accrued discount is included in income.

#### *Market Discount*

If a U.S. Holder purchases a Covered Bond (other than a short-term Covered Bond) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Covered Bond, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Covered Bond, any payment that does not constitute qualified stated interest) on or any gain on the sale, exchange, retirement or other disposition of a Covered Bond, including disposition in certain non-recognition transactions, as ordinary income to the extent of the market discount accrued on the Covered Bond at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the Holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Covered Bond or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Covered Bond.

Market discount will accrue on a straight-line basis unless a U.S. Holder makes a Constant Yield Election (as described under "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Original Issue Discount*"). Such election will result in a deemed election for all market discount bonds acquired by the Holder on or after the first day of the first taxable year to which such election applies.

#### *Acquisition Premium and Amortisable Bond Premium*

A U.S. Holder who purchases a Covered Bond for an amount that is greater than the Covered Bond's adjusted issue price but less than or equal to the sum of all amounts payable on the Covered Bond after

the purchase date other than payments of qualified stated interest will be considered to have purchased the Covered Bond at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Holder must include in its gross income with respect to the Covered Bond for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Covered Bond for an amount that is greater than the stated redemption price at maturity, the Holder will be considered to have purchased the Covered Bond with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Covered Bond. A Holder who elects to amortise bond premium must reduce its tax basis in the Covered Bond by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the Holder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a Constant Yield Election (as described under "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Original Issue Discount*") for a Covered Bond with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the Holder's debt with amortisable bond premium.

#### *Sale, Exchange or Retirement of the Covered Bonds*

Upon the sale, exchange or retirement of a Covered Bond, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the Holder's adjusted tax basis in the Covered Bond. A U.S. Holder's adjusted tax basis in a Covered Bond generally will equal the acquisition cost of the Covered Bond increased by the amount of original issue discount and market discount included in the U.S. Holder's gross income and decreased by any bond premium or acquisition premium previously amortised and by the amount of any payment received from the Issuer other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Covered Bond. Amounts attributable to accrued but unpaid qualified stated interest are treated as payments of interest as described under "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Payments of Stated Interest*".

Except as described below, gain or loss realised on the sale, exchange or retirement of a Covered Bond will generally be capital gain or loss and will be long-term capital gain or loss if, at the time of sale, exchange or retirement, the U.S. Holder has held the Covered Bond for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Covered Bond, to the extent of any accrued discount not previously included in the Holder's taxable income. See "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Original Issue Discount*" and "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Market Discount*". In addition, other exceptions to this general rule apply in the case of foreign currency Covered Bonds and contingent payment debt Covered Bonds. See "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Foreign Currency Covered Bonds*" and "*U.S. Federal Income Taxation – Taxation of U.S. Holders – Contingent Payment Debt Covered Bonds*". The deductibility of capital losses is subject to limitations.

#### *Contingent Payment Debt Covered Bonds*

If the terms of the Covered Bonds provide for certain contingencies that affect the timing and amount of payments (including Covered Bonds with a variable rate or rates that do not qualify as "**variable rate debt Covered Bonds**" for purposes of the original issue discount rules) they generally will be "**contingent payment debt instruments**" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt Covered Bonds, no payment on such Covered Bonds qualifies as qualified stated interest. Rather, a U.S. Holder must account for interest for U.S. federal income tax purposes based on a "**comparable yield**" and the differences between actual payments on the Covered Bond and the Covered Bond's "projected payment schedule" as described below. The comparable yield is determined by us, the Issuer at the time of issuance of the Covered Bonds. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Covered Bonds. Solely for the purpose of determining the amount of interest income that a U.S. Holder will be required to accrue on a contingent payment debt instrument, the Issuer will be required to construct a

"projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

**Neither the comparable yield nor the projected payment schedule constitutes a representation by the Issuer regarding the actual amount, if any, that the contingent payment debt instrument will pay.**

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by the Issuer in determining interest accruals and adjustments, unless the Holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Holder, regardless of the Holder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Holder will be required to recognise interest income equal to the amount of any net positive adjustment, i.e. the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e. the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- (i) will first reduce the amount of interest in respect of the contingent payment debt instrument that a Holder would otherwise be required to include in income in the taxable year; and
- (ii) to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
  - (a) the amount of all previous interest inclusions under the contingent payment debt instrument over
  - (b) the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the 2 per cent. floor limitation imposed on miscellaneous deductions. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the Holder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Covered Bond that is a contingent payment debt instrument generally will be the acquisition cost of the Covered Bond increased by the interest previously accrued by the U.S. Holder on the Covered Bond under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Covered Bond. A U.S. Holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a Holder recognises loss above certain thresholds, the Holder may be required to file a disclosure statement with the IRS (as described under "*U.S. Federal Income Taxation – Certain Reporting Obligations*").

A U.S. Holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument equal to the fair market value of the property, determined at the time of retirement. The Holder's holding period for the property will commence on the day immediately following its receipt. Special rules apply to contingent payment debt Covered Bonds that are

denominated, or provide for payments, in a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Covered Bonds**"). Very generally, these Covered Bonds are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Covered Bonds. The relevant amounts must then be translated into U.S. dollars. The rules applicable to Foreign Currency Contingent Payment Debt Covered Bonds are complex and U.S. Holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of such Covered Bonds.

#### *Foreign Currency Covered Bonds*

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of the Covered Bonds that are denominated in a specified currency other than the U.S. dollar or the payments of interest or principal which are payable in a currency other than the U.S. dollar ("**foreign currency Covered Bonds**").

The rules applicable to foreign currency Covered Bonds could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Covered Bond to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Covered Bonds are complex and may depend on the Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a Holder should make any of these elections may depend on the Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Covered Bonds.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Covered Bond will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Covered Bond during an accrual period. The U.S. dollar value of the accrued income generally will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. The U.S. Holder will recognise ordinary income or loss with respect to accrued interest income on the date the income is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue original issue discount or market discount.

An accrual method U.S. Holder or cash method U.S. Holder may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day in the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt from year to year and cannot change the election without the consent of the IRS.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Covered Bond are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Covered Bond is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as on the sale, exchange or retirement of the foreign currency Covered Bond. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Covered Bond with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

A U.S. Holder's tax basis in a foreign currency Covered Bond and the amount of any subsequent adjustment to the Holder's tax basis will be the U.S. dollar value amount of the foreign currency amount paid for such foreign currency Covered Bond, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Holder who purchases a foreign currency Covered Bond with previously owned foreign currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Covered Bond on the date of purchase.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Covered Bond that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency principal amount of the Covered Bond, determined on the date the payment is received or the Covered Bond is disposed of, and (ii) the U.S. dollar value of the foreign currency principal amount of the Covered Bond, determined on the date the U.S. Holder acquired the Covered Bond. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Covered Bonds described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the Holder on the sale, exchange or retirement of the foreign currency Covered Bond. The source of the foreign currency gain or loss will be determined by reference to the residence of the Holder on whose books the Covered Bond is properly reflected. Any gain or loss realised by these Holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of short-term Covered Bonds, to the extent of any discount not previously included in the Holder's income; **provided that**, the Covered Bond is not a Foreign Currency Contingent Payment Debt Covered Bond. Holders should consult their tax advisors with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Covered Bond accrue.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Covered Bond equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement. A cash method taxpayer who buys or sells a foreign currency Covered Bond that is traded on an established securities market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations; **provided that**, the Covered Bonds are traded on an established securities market. This election cannot be changed without the consent of the IRS. If either (i) the Covered Bond is not traded on an established securities market or (ii) it is and the holder is an accrual method taxpayer that does not make the election described above with respect to such Covered Bond, exchange gain or loss may result from currency fluctuations between the trade date and the settlement date of the purchase or sale. Any gain or loss realised by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Covered Bonds) will be ordinary income or loss.

### **Taxation of Non-U.S. Holders**

Subject to the backup withholding and FATCA rules described below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Covered Bonds and gain from the sale, redemption or other disposition of the Covered Bonds unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business within the United States; (ii) in the case of any gain realised on the sale or exchange of a Covered Bond by an individual Non-U.S. Holder, that holder is present in the U.S. for 183 days or more in the taxable

year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

### **Backup Withholding and Information Reporting**

Information returns may be filed with the IRS in connection with payments on the Covered Bonds and the proceeds from a sale or other disposition of the Covered Bonds. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that**, the required information is timely furnished to the IRS.

Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

### **Foreign Financial Asset Reporting**

Certain U.S. Holders that own "specified foreign financial assets" that meet certain U.S. Dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Covered Bonds generally will constitute specified foreign financial assets subject to these reporting requirements unless the Covered Bonds are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of these disclosure requirements to their ownership of the Covered Bonds.

### **Certain Reporting Obligations**

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Covered Bonds as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of the Covered Bonds constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of the Covered Bonds.

Holders should consult their tax advisors regarding any reporting requirements they may have as a result of their acquisition, ownership and disposition of the Covered Bonds.

**The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the ownership and disposition of the Covered Bonds, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in U.S. federal or other tax laws.**

## FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the Code commonly known as "FATCA", a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments, such as Covered Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Covered Bonds issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds (as described under Condition 16 (*Further Issues*)) that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Covered Bonds. Neither the Issuer nor the LLP will have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

## ERISA CONSIDERATIONS

If so specified in the applicable Final Terms, the Covered Bonds are eligible for purchase by employee benefit plans and other plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and/or the provisions of Section 4975 of the Code and by governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), or non-U.S. plans (as described in Section 4(b)(4) of ERISA) that are subject to U.S. federal, state, local or non-U.S. laws or regulations that are substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), subject to consideration of the issues described in this section. ERISA imposes certain requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets are deemed to include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing such ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment, including, but not limited to, the matters discussed under "*Risk Factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Covered Bonds.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the "**Plans**")) and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Seller, the Issuer, the Bond Trustee, the Administrator, the Security Trustee or any other party to the transactions contemplated by the Transaction Documents may be parties in interest or disqualified persons with respect to a Plan. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Covered Bonds are acquired or held by a Plan with respect to which Seller, the Issuer, the Bond Trustee, the Administrator, the Security Trustee or any other party to the transactions contemplated by the Transaction Documents is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any such Covered Bonds and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to certain transactions between a Plan and a non-fiduciary service provider), Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Covered Bonds.

Accordingly, except as otherwise set forth in the applicable Final Terms, each purchaser and subsequent transferee of any Covered Bonds will be deemed by such purchase or acquisition of any such Covered Bond to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such Covered Bonds (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Covered Bonds (or any interest therein), either that (A) it is not, and for so long as it holds such Covered Bonds (or any interest therein) will not be, a Plan (including an entity whose underlying assets are deemed for the purposes of ERISA or the Code to include the assets of any Plan) or a governmental, church, or non-U.S. plan which is subject to any Similar Law or (B) its acquisition, holding and disposition of such Covered Bonds (or any interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, or non-U.S. plan, a violation of any Similar Law) for which an exemption is not available.



Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Covered Bonds should determine whether, under the documents and instruments governing the Plan, an investment in such Covered Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in Covered Bonds (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any Covered Bonds to a Plan is in no respect a representation by the Seller, the Issuer, the Bond Trustee, the Administrator, the Security Trustee or any other party to the transactions contemplated by the Transaction Documents that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

## CERTAIN INVESTMENT COMPANY ACT CONSIDERATIONS

The LLP is not now, and, solely after giving effect to any offering and sale of Covered Bonds pursuant to the Trust Deed, will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and under the Volcker Rule and its related regulations may be available, we have relied on the determinations that:

- the LLP may rely on the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(C) thereunder, and accordingly the LLP does not rely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for its exemption from registration under the Investment Company Act and may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration under the Investment Company Act.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealer(s) have, in a Programme Agreement (as the same may be amended and/or supplemented and/or restated from time to time, including on or about the date of this Base Prospectus, the "**Programme Agreement**") dated on or about 18 December 2007 agreed with the Issuer and the LLP a basis upon which such Dealer(s) or any of them may from time to time agree to purchase Covered Bonds. Any such agreement for any particular purchase by a Dealer will extend to those matters stated under "*Form of the Covered Bonds*" and "*Terms and Conditions of the Covered Bonds*" above. The Issuer may pay the Dealer(s) commission from time to time in connection with the sale of any Covered Bonds. The Dealer(s) are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

One or more Dealer(s) may purchase Covered Bonds, as principal, from the Issuer from time to time for resale to investors and other purchasers at a fixed offering price or, if so specified in the applicable Final Terms, at varying prices relating to prevailing market prices at the time of resale as determined by any Dealer.

A Dealer may sell Covered Bonds it has purchased from the Issuer as principal to certain other dealers less a concession equal to all or any portion of the discount received in connection with such purchase. The Dealer may allow, and such dealers may re-allow, a discount to certain other dealers. After the initial offering of Covered Bonds, the offering price (in the case of Covered Bonds to be resold at a fixed offering price), the concession and the reallowance may be changed.

The Issuer may withdraw, cancel or modify the offering contemplated hereby without notice and may reject offers to purchase Covered Bonds in whole or in part.

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in the applicable Final Terms may over allot Covered Bonds or effect transactions with a view to supporting the price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in accordance with applicable laws and rules.

These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Covered Bonds. If the Dealer creates or the Dealers create, as the case may be, a short position in the Covered Bonds, that is, if it sells or they sell Covered Bonds in an aggregate principal amount exceeding that set forth in the applicable Final Terms, such Dealer(s) may reduce that short position by purchasing Covered Bonds in the open market. In general, purchase of Covered Bonds for the purpose of stabilisation or to reduce a short position could cause the price of the Covered Bonds to be higher than it might be in the absence of such purchases.

Neither the Issuer nor any of the Dealer(s) makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of Covered Bonds. In addition, neither the Issuer nor any of the Dealer(s) makes any representation that the Dealer(s) will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

Under the Programme Agreement, the Issuer has agreed to indemnify the Dealer(s) against certain liabilities (including liabilities under the Securities Act) or to contribute to payments the Dealer(s) may be required to make in respect thereof in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Issuer has also agreed to reimburse the Dealer(s) for certain other expenses in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme.

The Dealer(s) may, from time to time, purchase and sell Covered Bonds in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Covered Bonds or liquidity in the secondary market if one develops. From time to time, the Dealer(s) may make a market in the Covered Bonds.

The several Dealers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, and the Dealers have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby, and the Issuer has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate. Certain of the Dealers and their respective affiliates have, directly or indirectly, performed investment and commercial banking or financial advisory services for the Issuer for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they also expected to receive customary fees and commissions.

### **Transfer Restrictions**

As a result of the following restrictions, purchasers of Covered Bonds are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Covered Bonds.

Each purchaser of Registered Covered Bonds or person wishing to transfer an interest from one Registered Global Covered Bond to another or from global to definitive form or vice versa, will be deemed to or will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either:
  - (a) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs and it is aware, and each beneficial owner of such Covered Bonds has been advised, that any sale to it is being made in reliance on Rule 144A; or
  - (b) it is outside the United States and is not a U.S. person and it is not purchasing (or holding) the Covered Bonds for the account or benefit of a U.S. person;
- (ii) that the Covered Bonds and the related Guarantee are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or any applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth in this section;
- (iii) it agrees that neither the Issuer nor the Guarantor has any obligation to register the Covered Bonds or the Covered Bond Guarantee under the Securities Act;
- (iv) that, unless it holds an interest in a Regulation S Covered Bond, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the Seller reasonably believes is a QIB purchasing the Covered Bonds for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act or (d) pursuant to an effective U.S. Registration Statement, in each case, in accordance with all applicable U.S. state securities laws;
- (v) that either (A) it is not and for so long as it holds the Covered Bonds (or any interest therein) will not be (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) a "plan" as defined in and subject to Section 4975 of the Code, (iii) an entity whose underlying assets include the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 the Code or (iv) a governmental, church or non-U.S. plan which is subject to any U.S. federal, state, local or non-U.S. law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (B) its acquisition, holding and disposition of the Covered Bonds (or any interest therein) will not

constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or in the case of such a governmental, church or non-U.S. plan, a violation of any such substantially similar U.S. federal, state, local or non-U.S. law or regulation) for which an exemption is not available;

- (vi) it will, and will require each subsequent holder to, notify any purchaser of the Covered Bonds from it of the resale restrictions referred to in paragraph (iv) above, if then applicable;
- (vii) that Covered Bonds initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Covered Bonds, and that Covered Bonds initially offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;
- (viii) that the Covered Bonds represented by a Rule 144A Global Covered Bond and Definitive Rule 144A Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE "**AGENCY AGREEMENT**") AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR

SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A".

- (ix) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; it acknowledges that the Covered Bonds represented by a Regulation S Global Covered Bond and Definitive Regulation S Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE "**AGENCY AGREEMENT**") AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE TRANCHE OF SECURITIES OF WHICH THIS SECURITY FORMS PART, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S.

EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION) FOR WHICH AN EXEMPTION IS NOT AVAILABLE."; and

- (x) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and it agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Rule 144A Covered Bonds in the United States to any one purchaser will be for less than U.S.\$200,000 (or the approximate equivalent in another Specified Currency) principal amount, and no Rule 144A Covered Bond will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or the approximate equivalent in another Specified Currency) principal amount of Registered Covered Bonds.

Relevant Dealers may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the relevant Dealer(s) may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent in another Specified Currency). To the extent that the Bank and the Guarantor are not subject to or do not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Bank and the Guarantor have agreed to furnish to holders of Covered Bonds and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

## **Selling Restrictions**

### ***United States***

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States, and Covered Bonds may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act and any applicable local, State or Federal securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Each Dealer has agreed that it will not offer, sell or deliver a Covered Bond in bearer form within the United States or to United States persons except as permitted by the Programme Agreement. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder.

In connection with any Covered Bond which are represented by a Regulation S Global Covered Bond or any Definitive Regulation S Covered Bond ("**Regulation S Covered Bonds**"), each Dealer has represented and agreed that it will not offer, sell or deliver any such Regulations S Covered Bond within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Covered Bond during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of such Regulation S Covered Bond within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the completion of the offering of a Tranche of Covered Bonds, an offer or sale of any Regulation S Covered Bond within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Programme Agreement provides that selected relevant Dealer(s), through their selling agents which are registered broker-dealers in the United States, may resell Covered Bonds in the United States to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the relevant Dealer(s) may be relying on the exemption from the Securities Act provided by Rule 144A.

Each relevant Dealer appointed under the Programme Agreement will be required to represent and agree in respect of transactions under Rule 144A that it has not (and will not), nor has (nor will) any person acting on its behalf: (a) made offers or sales of any security, or solicited officers to buy, or otherwise negotiated in respect of, any security, under circumstances that would require the registration of the Covered Bonds under the Securities Act; or (b) engaged in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) in connection with any offer or sale of Covered Bonds in the United States.

### ***Japan***

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and each Dealer has represented and agreed that it will not offer or sell any Covered Bonds, directly or indirectly in Japan or to, or for the benefit of, any Resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Republic of Italy***

The offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Financial Services Act**") and Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or
- (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of the Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under paragraph (i) or (ii) above must be:



- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by Commissione Nazionale per le Società e la Borsa ("**CONSOB**"), the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy (as amended from time to time) and/or any other Italian authority); or
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

***Prohibition of Sales to EEA Retail Investors***

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that, no such offer of Covered Bonds referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (a) the expression "**an offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- (b) the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

#### ***Selling Restrictions Addressing Additional United Kingdom Securities Laws***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Covered Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who, it is reasonable to expect, will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer or the LLP;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the LLP; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

#### ***Selling Restrictions Addressing Additional French Securities Laws***

Each of the Dealers and the Issuer has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering materials relating to the Covered Bonds, and that such offers, sales and distributions have been and will be made in France only to: (a) providers of investment services relating to portfolio management for the account of third parties; and/or (b) qualified investors (*investisseurs qualifiés*) and/or (c) a restricted circle of investors (*cercle restreint d'investisseurs*), all as defined in and in accordance with Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the *French Code monétaire et financier*.

#### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus, any Drawdown Prospectus or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or, and

none of the Issuer, the LLP, the Bond Trustee, the Security Trustee nor any of the other Dealers shall have any responsibility therefor. Furthermore, they will not directly or indirectly offer, sell or deliver any Covered Bonds or distribute or publish any form of application, base prospectus/prospectus, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Covered Bonds by them will be made on the same terms.

None of the Issuer, the LLP, the Bond Trustee, the Security Trustee or any of the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other additional or modified restrictions (if any) as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the applicable Final Terms.

Each Dealer will, unless prohibited by applicable law, furnish to each person to whom they offer or sell Covered Bonds a copy of the Base Prospectus as then amended or supplemented or, unless delivery of the Base Prospectus is required by applicable law, inform each such person that a copy will be made available upon request. The Dealers are not authorised to give any information or to make any representation not contained in the Base Prospectus in connection with the offer and sale of Covered Bonds to which the Base Prospectus relates.

This Base Prospectus may be used by the Dealers for offers and sales related to market-making transactions in the Covered Bonds. Any or each of the Dealers may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. None of the Dealers has any obligation to make a market in the Covered Bonds, and any market-making may be discontinued at any time without notice. The Dealers are participating in the initial distribution of the Covered Bonds.

## GENERAL INFORMATION

1. The establishment of the Programme and the issue of Covered Bonds have been duly authorised by resolutions passed by the Fund Raising Committee of the Board of Directors of Barclays Bank PLC dated on or about 11 December 2007 and the giving of the Covered Bond Guarantee has been duly authorised by a meeting of the LLP Management Committee held on 11 December 2007. The update of the Programme was duly authorised by the Interim Chief Financial Officer for the Issuer on 2 May 2019.
2. The admission of Covered Bonds to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Covered Bonds which is to be admitted to the Official List and to trading on the Regulated Market of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Temporary Global Covered Bond, a Permanent Global Covered Bond, a Regulation S Global Covered Bond or a Rule 144A Global Covered Bond, as the case may be, initially representing the Covered Bonds of such Tranche. The listing of the Programme in respect of Covered Bonds was granted on or about 14 December 2007.

The Issuer has been admitted to the register of issuers and the Programme, and the Covered Bonds issued under the Programme, prior to the date of admission, have been admitted to the register of regulated covered bonds.

The monthly reports in relation to the Programme setting out, *inter alia*, certain information with respect to the Asset Coverage Test, selected statistical information in relation to the Mortgage Loan Portfolio and the characteristics of the Mortgage Loan Portfolio are available at <https://home.barclays/investor-relations/fixed-income-investors/prospectus-and-documents/secured-funding-covered-bonds/>. For the avoidance of doubt, no information from this website is incorporated by reference into, or is otherwise part of, this Base Prospectus.

3. Save as disclosed in the section entitled "*The Issuer and the BBUKPLC Group – Legal Proceedings*" on page 85 of this Base Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had, during the 12 months preceding the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or the BBUKPLC Group.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had, during the 12 months preceding the date of this Base Prospectus, a significant effect on the financial position or profitability of the LLP.

4. There has been no significant change in the financial or trading position of the LLP since 31 December 2017 and there has been no material adverse change in the prospects of the LLP since 31 December 2017. There has been no material adverse change in the prospects of the Issuer or the BBUKPLC Group since 31 December 2018, nor any significant change in the financial position of the BBUKPLC Group since 31 December 2018.
5. The individual audited financial statements of the Issuer in respect of the year ended 31 December 2017 and the consolidated audited financial statements of the Issuer in respect of the year ended 31 December 2018 have been audited without qualification by KPMG LLP, chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales) of 15 Canada Square, London E14 5GL, United Kingdom.
6. The financial statements of the LLP for the two years ended 31 December 2016 have been audited without qualification by PricewaterhouseCoopers LLP and 31 December 2017 have been audited without qualification by KPMG LLP, each being chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales).
7. The Trust Deed provides that the Trustee may rely on any certificate or report by the auditors of the Issuer or any other expert called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with the provisions of the Trust Deed as sufficient evidence of the

facts stated therein; notwithstanding that, such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the auditors of the Issuer or such other expert in respect thereof.

8. The Legal Entity Identifier (**LEI**) of the Issuer is 213800UGANOMFJ9X769.
9. For so long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available to holders of the Covered Bonds during usual business hours on any weekday (Saturdays and public holidays excepted) from BBUKPLC Treasury, 1 Churchill Place, London, E14 5HP and from the specified office of the Paying Agent currently located at Citigroup Centre, Canada Square, London, E14 5LB:
  - (i) the Articles of Association of the Issuer and the constitutive documents of the LLP;
  - (ii) the Joint Annual Report, the 2016 Issuer Financial Statements, the 2017 Issuer Financial Statements, the 2018 Financial Statements, the Interim Results Announcement and the Q1 Interim Results Announcement;
  - (iii) the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Receipts, the Coupons and the Talons;
  - (iv) a copy of this Base Prospectus;
  - (v) any future base prospectuses, prospectuses, information memoranda and supplements, including Final Terms (save that Final Terms relating to an unlisted Covered Bond will be available for inspection only by the relevant Dealer or Dealers specified in such Final Terms or, upon proof satisfactory to the Principal Paying Agent or the Registrar, as the case may be, as to the identity of the holder of any Covered Bond to which such Final Terms relate) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
  - (vi) each Transaction Document.
10. The Bearer Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Registered Covered Bonds to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Covered Bonds, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.
11. The Covered Bonds may be accepted for clearance through the Clearstream, Luxembourg and Euroclear systems and DTC (which are entities in charge of keeping the records). The common code and/or CINS or CUSIP number for each Series of Covered Bonds allocated by Clearstream, Luxembourg and Euroclear or DTC will be contained in the relevant Final Terms, along with the International Securities Identification Number for that Series. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information.
12. The Covered Bonds may be accepted for clearance through the Clearstream, Luxembourg and Euroclear systems and DTC (which are entities in charge of keeping the records). The common code and/or CINS or CUSIP number for each Series of Covered Bonds allocated by Clearstream, Luxembourg and Euroclear or DTC will be contained in the relevant Final Terms, along with the International Securities Identification Number for that Series. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information.

13. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of The Depository Trust Company is 55 Water Street, New York, NY10041-0099, USA. The address of any alternative clearing system will be specified in the applicable Final Terms.

## FORM OF FINAL TERMS

**IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Covered Bonds are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared; therefore, offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

Final Terms dated [●]  
(to the Base Prospectus dated [●] 20[●])

**Barclays Bank UK PLC**  
**Legal Entity Identifier (LEI: 213800UUGANOMFJ9X769)**  
**Issue of [Regulated] [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]**  
**irrevocably and unconditionally guaranteed as to payment of principal and interest by**  
**Barclays Covered Bonds LLP**  
**under the**  
**€35 billion Global Covered Bond Programme**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "Conditions") set forth in the Base Prospectus dated [●] 20[●] [and the Supplemental Base Prospectus dated [●]] which [together] constitute(s) a base prospectus (the "Base Prospectus") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer, the LLP and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] published on the website of the London Stock Exchange in accordance with Article 14 of the Prospectus Directive and is available for viewing during normal business hours at BBUKPLC Treasury, 1 Churchill Place, London, E14 5HP and copies may be obtained from [Citibank N.A., London Branch at the Citigroup Centre, Canada Square, London, E14 5LB].] / [Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "Conditions") incorporated by reference in the Base Prospectus dated [●] 20[●]. These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with the Base Prospectus dated [●] 20[●] [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus (the "Base Prospectus") for the purposes of the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated [●] 20[●] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer, the LLP and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] published on the website of the London Stock Exchange in accordance with Article 14 of the Prospectus Directive and is

available for viewing during normal business hours at BBUKPLC Treasury, 1 Churchill Place, London, E14 5HP and copies may be obtained from [Citibank N.A., London Branch at the Citigroup Centre, Canada Square, London, E14 5LB].]

The LLP is not now, and immediately following the issuance of the Covered Bonds pursuant to the Trust Deed will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended, and under the Volcker Rule and its related regulations may be available, the LLP has relied on the exemption from registration set forth in Section 3(c)(5)(C) of the Investment Company Act of 1940, as amended. See "*Certain Investment Company Act Considerations*" in the Base Prospectus dated [●].

1. (i) Issuer: Barclays Bank UK PLC
- (ii) Guarantor: Barclays Covered Bonds LLP (the "**LLP**")
  
2. (i) Series Number: [●]
- (ii) Tranche Number: [●]
  
3. Specified Currency or Currencies: [●]
  
4. Aggregate Nominal Amount:
  - (i) [Series: [●]
  - (ii) Tranche: [●]]
  
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]
  
6. (i) Specified Denominations: [●] / [€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000]] / [At least [\$200,000 (and no less than the equivalent of €100,000) and integral multiples of \$1,000 in excess thereof (or the U.S. dollar equivalent for Rule 144A Covered Bonds issued in a currency other than U.S. dollars)]]
- (ii) Calculation Amount: [●]
  
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
  
8. (i) Final Maturity Date: [●] / [Interest Payment Date falling in or nearest to [●] [month]]
- (ii) Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond [●] / [Interest Payment Date falling in or nearest to [●] [month]]; in each case falling [one year] after the Final Maturity Date]/[Not Applicable]



Guarantee:

9. Interest Basis: [[●] per cent. Fixed Rate]  
[[SONIA] [LIBOR] [EURIBOR]] +/- [●] per cent.  
[Floating Rate]  
[Zero Coupon]
10. Redemption/Payment Basis: [Redemption at par]  
[Instalment]  
[Hard Bullet Covered Bonds]  
[[●] per cent. of the nominal value]
11. Change of Interest Basis or Payment Basis: [●]/[in accordance with paragraphs 15 and 16]
12. Call Options: [Issuer Call]  
[Not Applicable]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. Fixed Rate Covered Bond Provisions [Applicable/Not Applicable]
- (i) Fixed Rate(s) of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year up to and including the [Final Maturity Date] [Extended Due for Payment Date] [(provided however that, after the Extension Determination Date, the Interest Payment Date shall be monthly)]
- (iii) Fixed Coupon Amount(s): [●] per Calculation Amount
- (iv) Initial Broken Amount(s): [●]
- (v) Final Broken Amount: [●]
- (vi) Day Count Fraction: [Actual/Actual]/[Actual/Actual ([ICMA]/[ISDA])]  
/[Actual/365 (Fixed)]/[Actual/360]/[30/360]  
/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[Sterling/FRN]
- (vii) [Determination Date(s): [[●] in each year]/[Not Applicable]]
14. Floating Rate Covered Bond Provisions [Applicable/Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Date(s): [Not Applicable/[●], subject to adjustment in accordance with the Business Day Convention set out in item (iii) below] [(provided however that, after the Extension Determination Date, the Specified Interest Payment Date shall be monthly)]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iv) Additional Business Centre(s): [●]
- (v) Manner in which the Rate of Interest and Interest Amount [Screen Rate Determination/ISDA Determination]

is to be determined:

- (vi) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):
- (vii) Screen Rate Determination:
  - (1) Reference Rate:   
[SONIA]/  month [LIBOR] [EURIBOR]
  - (2) Interest Determination Date(s):
  - (3) Relevant Screen Page:
- (viii) ISDA Determination: [Applicable/Not Applicable]
  - (1) Floating Rate Option:
  - (2) Designated Maturity:
  - (3) Reset Date:
  - (4) ISDA Definitions:
- (ix) Margin(s): [+/-]  per cent. per annum
- (x) Minimum Rate of Interest:  per cent. per annum
- (xi) Maximum Rate of Interest:  per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [adjusted/not adjusted]
- (xiii) Observation Period: [*specify number*]
- 15. Zero Coupon Covered Bond Provisions<sup>3</sup> [Applicable/Not Applicable]
  - (i) [Amortisation/Accrual] Yield:  per cent. per annum
  - (ii) Reference Price:
  - (iii) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

<sup>3</sup> Zero Coupon Covered Bonds not to be issued with an Extended Due for Payment Date unless otherwise agreed with the Dealers and the Bond Trustee.

- (iv) Business Day(s): [●]
- (v) Additional Business Centre(s): [●]

**PROVISIONS RELATING TO REDEMPTION BY THE ISSUER**

- 16. Issuer Call: [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount of each Covered Bond and method, if any, of calculation of such amount(s): [●] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [●] per Calculation Amount
    - (b) Maximum Redemption Amount: [●] per Calculation Amount
- 17. Early Redemption Amount of each Covered Bond payable on redemption for taxation reasons, on acceleration following an Issuer Event of Default or an LLP Event of Default: [●] per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

- 18. Form of Covered Bonds: [Bearer Covered Bonds:
  - (i) [Form:]
    - [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds in definitive form only after an Exchange Event[/on not less than 60 days' notice]]
    - [Temporary Global Covered Bond exchangeable for Bearer Definitive Covered Bonds only after an Exchange Event]
    - [Permanent Global Covered Bond exchangeable for Bearer Definitive Covered Bonds in definitive form only after an Exchange Event[/on not less than 60 days' notice]]
    - [Registered Covered Bonds:
      - Regulation S Global Covered Bond registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]

- (ii) New Global Covered Bond: [Yes]/[No]
- (iii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper),][include this text for registered covered bonds] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them, the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper),][include this text for registered covered bonds]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
19. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [●]/[Not Applicable]
20. Talons for future Coupons or Receipts to be attached to Bearer Definitive Covered Bonds (and dates on which such Talons mature): [Yes]/[No]
21. Details relating to Instalment Covered Bonds:
- (a) Instalment Amount(s): [Not Applicable/[●]]
- (b) Instalment Date(s): [Not Applicable/[●]]

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING:

- (a) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [●] with effect from [●].] [Not Applicable.]
- (b) Estimated total expenses relating to admission to trading: [●].

### 2. RATINGS

[The Covered Bonds to be issued [have been] rated]/[The following ratings reflect ratings assigned to Covered Bonds of this type issued under the Programme generally.]

[Standard & Poor's: [●]]

[Moody's: [●]]

[Fitch: [●]]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for the fees payable to the Dealers, so far as the Issuer and the LLP are aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The Dealers and their affiliates have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the LLP and their affiliates in the ordinary course of business.]]

### 4. [YIELD [Fixed Rate Covered Bonds only]

Indication of yield: [●]

Calculated as [●] on the Issue Date

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]

### 5. OPERATIONAL INFORMATION

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- CFI Code: [[●]/[Not Applicable]]
- FISN: [[●]/[Not Applicable]]
- (iii) CUSIP: [●]
- (iv) CINS: [●]
- (v) Any clearing system(s) other than DTC, Euroclear [Not Applicable/[●]]

or Clearstream,  
Luxembourg and the  
relevant identification  
number(s):

- (vi) Names and addresses of additional Paying Agent(s) (if any): [●]

## 6. DISTRIBUTION

- (i) U.S. Selling Restrictions: [Reg. S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]

- (ii) U.S. Tax Considerations [Not applicable]/[For Covered Bonds issued in compliance with Rule 144A]: [For U.S. federal income tax purposes, the Issuer intends to treat the Covered Bonds as [original issue discount Covered Bonds/fixed rate debt/fixed rate debt issued with original issue discount/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Covered Bonds will be [●] per cent. compounded [semi-annually/quarterly/monthly], and the projected payment schedule with respect to a Covered Bond consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/variable rate debt Covered Bonds/variable rate debt Covered Bonds issued with original issue discount/foreign currency Covered Bonds/foreign currency Covered Bonds issued with original issue discount/Foreign Currency Contingent Payment Debt Covered Bonds, [for which purpose, the comparable yield relating to the Covered Bonds will be [●] per cent. compounded [semi-annually/quarterly/monthly], and the projected payment schedule with respect to a Covered Bond consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/short-term Covered Bonds]]

[For a Qualified Reopening of Covered Bonds issued in compliance with Rule 144A]: [Qualified Reopening. The issuance of the Covered Bonds should be treated as a "qualified reopening" of the Covered Bonds issued on [●] within the meaning of the U.S. Treasury regulations governing original issue discount on debt instruments (the "OID Regulations"). Therefore, for purposes of the OID Regulations, the Covered Bonds issued in this offering should be treated as having the same issue date and the same issue price as the Covered Bonds issued on [●] and should [not] be considered to have been issued with original issue discount for U.S. federal income tax purposes]

## 7. EU BENCHMARKS REGULATION

EU Benchmarks Regulation: [Not Applicable]

Article 29(2) statement on benchmarks:

[Applicable: Amounts payable under the Covered Bonds are calculated by reference to [insert name/s] of

*benchmark(s)*, which [is/are] provided by [*insert name[s] of the administrator[s]*] – if more than one, specify in relation to each relevant benchmark]

[As at the date of these Final Terms, [*insert name[s] of the administrator[s]*] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority [(ESMA)] pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011)] [*repeat as necessary*]

[As far as the Issuer is aware, [[*insert benchmark*] does not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that Regulation] OR [the transitional provisions in Article 51 of the Benchmarks Regulation apply], such that [*name of administrator*] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]\*]

*\*To be inserted if prior statement is negative.*

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## GLOSSARY

"\$" and "U.S. Dollars"	United States dollars;
"£", "Sterling" and "Pounds Sterling"	The lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;
"€" or "euro"	The lawful currency for the time being of the member states of the European Union that have adopted or may adopt the single currency in accordance with the treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the treaty on European Union;
"2010 PD Amending Directive"	Directive 2010/73/EU;
"30/360"	As specified in the applicable Final Terms the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
"30E/360"	As specified in the applicable Final Terms the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Final Maturity Date (or, as the case may be, Extended Due for Payment Date) is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
"360/360"	The number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
"A"	The meaning given to such term on page 124;
"Account Bank"	Wells Fargo Bank, N.A., London Branch in its capacity as Account Bank pursuant to the Account Bank Agreement;
"Account Bank Agreement"	The standby account bank agreement entered into on 6 May 2015, as amended and/or supplemented and/or restated from time to time, between the LLP, the Account Bank, Barclays Bank UK PLC, the Cash Manager and the Security Trustee;
"Accrual Period"	The relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date;
"Accrued Interest"	In respect of a Mortgage Loan as at any date the aggregate of all interest accrued but not yet due and payable on the Mortgage Loan from (and including) the Monthly Payment Date immediately preceding the relevant date to (but excluding) the relevant date;
"Actual/360"	As specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;



<b>"Actual/365 (Fixed)"</b>	As specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
<b>"Actual/Actual - ICMA"</b>	As specified in the applicable Final Terms, and has the meaning given to such term on page 176;
<b>"Actual/Actual - ISDA" or "Actual/Actual"</b>	As specified in the relevant Final Terms, the actual number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date divided by 365 (or, if any portion of that Accrual Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365);
<b>"Additional Mortgage Reserve Portfolio"</b>	Any portfolio of Mortgage Reserves associated with any New Mortgage Loan Portfolio sold and assigned to the LLP following the MRT Establishment Date pursuant to the terms of the Mortgage Sale Agreement;
<b>"Additional MRT Contribution"</b>	Any amount that the LLP shall contribute to the Mortgage Reserve Originator Trust, on any LLP Payment Date upon the increase in Mortgage Reserve Account Balance on a Reference Mortgage Reserve and/or on any Transfer Date pursuant the Mortgage Reserve Originator Trust Deed;
<b>"Additional Reference Mortgage Reserve Portfolio"</b>	Any portfolio of Mortgage Reserves associated with any New Mortgage Loan Portfolio sold and assigned to the LLP following the MRT Establishment Date pursuant to the terms of the Mortgage Sale Agreement;
<b>"Additional Scottish Declaration of Trust"</b>	Each additional declaration of trust in relation to the Scottish Trust Property and the Scottish Reference Mortgage Reserve Portfolio made pursuant to the Mortgage Sale Agreement;
<b>"Adjusted Aggregate Asset Amount"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 113;
<b>"Adjusted Mortgage Account Balance Amount"</b>	The meaning given to such term on page 113;
<b>"Adjusted Required Redemption Amount"</b>	The Sterling Equivalent of the Required Redemption Amount, plus or minus the Sterling Equivalent of any swap termination amounts payable under the Swap Agreements to or by the LLP in respect of the relevant Series of Covered Bonds less (where applicable) amounts standing to the credit of (i) the Pre-Maturity Liquidity Ledger or (ii) the GIC Account and (iii) the Sterling Equivalent of the principal balance of any Authorised Investments (excluding all amounts to be applied on the following LLP Payment Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds);
<b>"Administration Agreement"</b>	The administration agreement entered into on the Programme Date as amended and/or supplemented and/or restated from time to time, between <i>inter alios</i> the Administrator, the LLP, the Seller and the Security Trustee, pursuant to which the Administrator agrees to provide administration services to the LLP in relation to the Mortgage Loans and their Related Security and to the Originator Trustee in relation to the Mortgage Reserves comprised in the Mortgage

	Account Portfolio as may be amended, restated, novated, varied or supplemented from time to time and shall include any additional and/or replacement Administration Agreement entered into by such parties from time to time;
<b>"Administration Procedures"</b>	The administration, arrears and enforcement policies and procedures from time to time pursuant to which the Administrator administers and enforces Mortgage Accounts and their Related Security which are beneficially owned by the Seller;
<b>"Administrator"</b>	Barclays Bank UK PLC or such other person as may from time to time be appointed as administrator of the Mortgage Account Portfolio pursuant to the Administration Agreement;
<b>"Administrator Event of Default"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 112;
<b>"Administrator Termination Event"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 109;
<b>"Affiliate"</b>	In relation to a body corporate, any subsidiary, subsidiary undertaking or holding company of such body corporate, and any subsidiary or subsidiary undertaking of an such holding company for the time being;
<b>"Agency Agreement"</b>	The agency agreement (as amended and/or supplemented and/or restated from time to time) dated the Programme Date and made between the Issuer, the LLP, the Bond Trustee, the Principal Paying Agent and the other Paying Agents, the Exchange Agent, the Registrar and the Transfer Agents;
<b>"Agents"</b>	The Paying Agents, the Registrar, the Exchange Agent and the Transfer Agents together with any other agent appointed pursuant to the Agency Agreement, each an " <b>Agent</b> ";
<b>"Aggregate Debt Limit"</b>	In relation to any Mortgage Account, the aggregate permitted debt owed by a Borrower in respect of such Mortgage Account;
<b>"Aggregate Mortgage Reserve Account Balance Increase Amount"</b>	The then sum of all Mortgage Reserve Account Balance Increase Amounts for each Reference Mortgage Reserve (as calculated on a Reference Mortgage Reserve by Reference Mortgage Reserve basis);
<b>"Aggregate Mortgage Reserve Principal Repayment Amount"</b>	The then sum of all Mortgage Reserve Principal Repayment Amounts for each and every Mortgage Reserve which were Reference Mortgage Reserves (and as calculated on a Reference Mortgage Reserve by Reference Mortgage Reserve basis) at the start of the immediately preceding Calculation Period (or if added as a Reference Mortgage Reserve during the relevant Calculation Period, on the relevant Transfer Date);
<b>"Aggregate Potential MRT Interest"</b>	The Potential MRT Interest added to any previous Potential MRT Interest which has been accrued in relation to a Reference Mortgage Reserve for any previous Calculation Period (less any amounts of Released Potential MRT Interest in relation to such reference Mortgage Reserve);
<b>"Amortisation Test"</b>	The test as to whether the Amortisation Test Aggregate Asset Amount is at least equal to the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date after the occurrence of an Issuer Event of Default;

<b>"Amortisation Test Aggregate Asset Amount"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 116;
<b>"Amortisation Test Outstanding Principal Balance"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 116;
<b>"Amortised Face Amount"</b>	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 185;
<b>"an offer of Covered Bonds to the public"</b>	The communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State;
<b>"Arranger"</b>	Each of Barclays Bank Ireland PLC, Barclays Bank PLC, and any other entity appointed as an arranger for the Programme, save that in the event of the exit by the United Kingdom from the European Union, Barclays Bank PLC shall automatically cease to be appointed as Arranger effective as of the Withdrawal Date and references in this Base Prospectus to the Arranger or Arrangers following the Withdrawal Date shall be construed accordingly. References in this Base Prospectus to the Arrangers shall be references to the relevant Arranger;
<b>"Arrears of Interest"</b>	As at any date in respect of any Mortgage Loan, interest (other than Capitalised Interest or Accrued Interest) on that Mortgage Loan which is currently due and payable and unpaid on that date;
<b>"Asset Coverage Test"</b>	The test as to whether the Adjusted Aggregate Asset Amount is at least equal to the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date;
<b>"Asset Monitor"</b>	PricewaterhouseCoopers LLP, whose registered office is at 7 More London Riverside, London SE1 2RT, acting through its office at Hay's Galleria, 1 Hays Lane, London SE1 2RD;
<b>"Asset Monitor Agreement"</b>	The asset monitor agreement entered into on the Programme Date, as amended and/or supplemented and/or restated from time to time, between the Asset Monitor, the LLP, the Cash Manager, the Issuer, the Bond Trustee and the Security Trustee;
<b>"Asset Monitor Report"</b>	The results of the tests conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to the Cash Manager, the LLP, the Issuer, the Bond Trustee and the Security Trustee;
<b>"Asset Percentage"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 115;
<b>"Asset Pool"</b>	The pool of assets owned at any time by the LLP which back the payment of claims attached to the Covered Bonds and may comprise the following items: <ul style="list-style-type: none"> <li>(a) sums derived from the issue of Covered Bonds;</li> <li>(b) eligible property in accordance with Regulation 2(1A) of the RCB Regulations which is acquired by the LLP or transferred by the Issuer or a connected person to the Issuer</li> </ul>

	or the LLP in accordance with the RCB Regulations (including, for the avoidance of doubt, the beneficial interest of the LLP in the MRT Trust Property);
	(c) contracts relating to the asset pool or to any Covered Bonds; and/or
	(d) sums derived from any of the assets referred in paragraph (b) or (c) above and sums lent to the LLP by persons other than the Issuer, in accordance with the RCB Regulations;
<b>"Asset Pool Monitor"</b>	KPMG LLP, whose registered office is at 15 Canada Square, London, E14 5GL;
<b>"Asset Pool Monitor Agreement"</b>	The asset pool monitor agreement entered into on 31 October 2013, as amended and/or supplemented and/or restated from time to time, between the Asset Pool Monitor, the LLP, the Cash Manager, the Issuer and the Security Trustee;
<b>"Authorised Institution"</b>	An institution authorised to take deposits under the Financial Services and Markets Act 2000;
<b>"Authorised Investments"</b>	(a) Sterling gilt-edged securities and other UK government and public securities and (b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (which may include deposits into any account which earns a rate of interest related to LIBOR) <b>provided that</b> in all cases such investments have a maturity date of 90 days or less and mature on or before the next following LLP Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an Authorised Institution) are rated at least equal to "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then current rating of the Covered Bonds <b>provided that</b> any such authorised investment satisfies the requirements for eligible assets that may collateralise covered bonds in accordance with Regulation 2(1A) (Eligible Property) of the RCB Regulations;
<b>"Available Principal Receipts"</b>	On a relevant Calculation Date, an amount equal to the aggregate of (without double counting): <ul style="list-style-type: none"> <li>(a) the amount of Principal Receipts received during the immediately preceding Calculation Period or, with respect to repurchases of any Mortgage Loans and their Related Security relating to the immediately preceding Calculation Period and credited to the GIC Account (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 unless they are applied towards the repurchase of the relevant Mortgage Loans and their Related Security relating to the immediately preceding Calculation Period);</li> <li>(b) 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 Mortgage Loan Portfolios or invest in Substitution Assets), (ii) any Cash Capital Contributions received from a Member, (iii) MRT Principal Amounts received from the Originator Trustee pursuant to the Mortgage Reserve Originator Trust</li> </ul>

Deed in respect of the preceding Calculation Period and (iv) the proceeds from any sale of Selected Mortgage Accounts pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement (including, in the case of the Reference Mortgage Reserves, any corresponding MRT Distribution by the Originator Trustee subject to and in accordance with the provisions of the Mortgage Reserve Originator Trust Deed) but excluding any amount of principal received under the Swap Agreements;

- (c) all amounts in respect of principal (if any) received by the LLP under the Swap Agreements on the relevant LLP Payment Date and any such amounts anticipated to be paid under the relevant Swap Agreements in the immediately succeeding LLP Payment Period; and
- (d) following repayment of any Hard Bullet Covered Bonds by the Issuer (or, as applicable, the LLP) on the Final Maturity Date thereof, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger in respect of such Series of Hard Bullet Covered Bonds (except where the LLP has elected to or is required to retain such amounts on the Pre-Maturity Liquidity Ledger) in accordance with the terms of the LLP Deed;

**"Available Revenue Receipts"**

On a relevant Calculation Date, an amount equal to the aggregate of:

- (a) the amount of Revenue Receipts received during the previous Calculation Period and credited to the Revenue Ledger on the GIC Account;
- (b) 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 Swap Agreements;
- (c) all amounts (other than in respect of principal) (if any) received by the LLP under the Swap Agreements and any such amounts anticipated to be paid under the relevant Swap Agreements in the immediately succeeding LLP Payment Period;
- (d) 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;
- (e) any other Revenue Receipts not referred to in paragraphs (a) to (c) (inclusive) above received during the previous Calculation Period and standing to the credit of the Revenue Ledger on the GIC Account; and
- (f) following the service on the LLP of a Notice to Pay, amounts standing to the credit of the Reserve Fund;

less

- (g) Third Party Amounts, which shall be paid on receipt in cleared funds to the Seller;

**"B"**

The meaning given to such term on page 124;

<b>"Banking Act"</b>	The Legislative Decree No. 385 of 1 September 1993, as amended;
<b>"Banking Consolidation Directive"</b>	Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, as amended from time to time;
<b>"U.S. Bankruptcy Court"</b>	The United States Bankruptcy Court for the Southern District of New York;
<b>"Barclays PLC"</b>	The ultimate holding company of the Issuer;
<b>"Barclays Standard Variable Rate"</b>	The variable rate set by Barclays Bank UK PLC for Barclays Bank UK PLC or Woolwich branded residential mortgages and/or the standard variable rate applicable to Mortgage Loans within the Mortgage Loan Portfolio, as applicable;
<b>"Base Prospectus"</b>	This base prospectus;
<b>"BCBS"</b>	Basel Committee on Banking Supervision;
<b>"BBUKPLC "</b>	Barclays Bank UK PLC;
<b>"BBUKPLC Group"</b>	Barclays Bank UK PLC and its subsidiary undertakings;
<b>"BCI"</b>	Barclays Capital Inc.;
<b>"Bearer Covered Bonds"</b>	Covered Bonds in bearer form;
<b>"Bearer Definitive Covered Bonds"</b>	A Bearer Covered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Trust Deed in exchange for either a Temporary Global Covered Bond or part thereof or a Permanent Global Covered Bond or part thereof (all as indicated in the applicable Final Terms), such Bearer Covered Bond in definitive form being in the form or substantially in the form set out in Part C of Schedule 2 to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer (in the case of syndicated issues) and having the Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and (except in the case of a Zero Coupon Covered Bonds in bearer form) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue;
<b>"Bearer Global Covered Bond"</b>	The meaning given on page 159;
<b>"Beneficial Owner"</b>	Each actual purchaser of each DTC Covered Bond;
<b>"Bond Basis"</b>	As specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
<b>"Bond Trustee"</b>	Citicorp Trustee Company Limited, in its capacity as bond trustee under the Trust Deed together with any successor bond trustee

	appointed from time to time;
<b>"Borrower"</b>	In relation to a Mortgage Loan, the individual or individuals specified as such in the relevant Mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it;
<b>"Broken Amount"</b>	Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the broken amount specified in the relevant Final Terms;
<b>"BRRD"</b>	The Bank Recovery and Resolution Directive published in the Official Journal of the European Union on 12 June 2014;
<b>"Business Day"</b>	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 171;
<b>"Calculation Agent"</b>	In relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the LLP pursuant to the Agency Agreement or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds;
<b>"Calculation Amount"</b>	The amount specified as such in the applicable Final Terms;
<b>"Calculation Date"</b>	The day falling one Business Day prior to the LLP Payment Date (or, if that day is not a Business Day, the immediately preceding Business Day);
<b>"Calculation Period"</b>	The period from, and including, the first day of each month to, and including, the last day of each month;
<b>"Capital Account Ledger"</b>	The monthly ledger maintained by the Cash Manager on behalf of the LLP in respect of each Member to record the balance of each Member's Capital Contributions;
<b>"Capital Balance"</b>	For a Mortgage Loan at any date the principal balance of that Mortgage Loan to which the Administrator applies the relevant interest rate at which interest on that Mortgage Loan accrues;
<b>"Capital Contribution"</b>	In relation to each Member, any amount of capital contributed by that Member to the LLP from time to time by way of Cash Capital Contributions, Capital Contributions in Kind and Seller Mortgage Reserve Capital Contribution as determined in accordance with the LLP Deed;
<b>"Capital Contribution Balance"</b>	The balance of each Member's Capital Contributions as determined in accordance with the LLP Deed;
<b>"Capital Contributions in Kind"</b>	A contribution of Mortgage Loans and their Related Security to the LLP in an amount equal to (a) the aggregate of the outstanding principal balance of those Mortgage Loans as at the relevant Transfer Date minus (b) any cash payment paid by the LLP for the Mortgage Loans and their Related Security on that Transfer Date;
<b>"Capital Distribution"</b>	Any return on a Member's Capital Contribution in accordance with the terms of the LLP Deed (and excluding, for the avoidance of doubt, any Deferred Consideration and/or Deferred MRT Contribution);
<b>"Capitalised Arrears"</b>	For any Mortgage Loan at any date, Capitalised Interest or other amounts which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Capital Balance of the Mortgage Loan in accordance with the Mortgage Conditions or

	otherwise by arrangement with the relevant Borrower;
<b>"Capitalised Interest"</b>	For any Mortgage Loan at any date, interest which is overdue in respect of that Mortgage Loan and which as at that date has been added to the Capital Balance of that Mortgage Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date);
<b>"Cash Capital Contributions"</b>	A Capital Contribution made in cash;
<b>"Cash Management Agreement"</b>	The cash management agreement entered into on the Programme Date, as amended and/or supplemented and/or restated from time to time, between the LLP, the Originator Trustee, Barclays Bank UK PLC in its capacity as the Cash Manager and the Security Trustee;
<b>"Cash Manager"</b>	Barclays, in its capacity as cash manager under the Cash Management Agreement together with any successor cash manager appointed from time to time;
<b>"CCA"</b>	The Consumer Credit Act 1974 and the Consumer Credit Act 2006 together;
<b>"Certificate of Title"</b>	A solicitor's, licensed conveyancer's or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the Seller in respect of each Property;
<b>"CFTC"</b>	The U.S. Commodity Futures Trading Commission;
<b>"Charged Property"</b>	The property charged by the LLP pursuant to Clauses 3.1 to 3.10 (inclusive) ( <i>Security and Declaration of Trust</i> ) of the Deed of Charge;
<b>"Clearing System Business Day"</b>	The meaning given in Condition 5 ( <i>Payments</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 180;
<b>"Clearing Systems"</b>	DTC, Euroclear and/or Clearstream, Luxembourg;
<b>"Clearstream, Luxembourg"</b>	Clearstream Banking, <i>société anonyme</i> ;
<b>"CMA"</b>	Competition and Markets Authority;
<b>"CML"</b>	Council of Mortgage Lenders;
<b>"Code"</b>	The U.S. Internal Revenue Code of 1986, as amended;
<b>"Commission"</b>	The European Commission;
<b>"Common Depositary"</b>	The common depositary for Euroclear and Clearstream, Luxembourg;
<b>"Common Safekeeper"</b>	If Bearer Global Covered Bonds are intended to be issued in NGCB form, as stated in the applicable Final Terms, they are to be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper;
<b>"comparable yield"</b>	The meaning given to such term on page 206;
<b>"Conditions"</b>	The terms and conditions of the Covered Bonds (as set out in Schedule 1 to the Trust Deed);
<b>"Constant Yield Election"</b>	The meaning given to such term on page 205;
<b>"contingent payment debt instruments"</b>	The meaning given to such term on page 206;
<b>"Corporate Services Agreement"</b>	The corporate services agreement entered into by the Liquidation Member, with, <i>inter alios</i> , the relevant Corporate Services Provider and the LLP dated the Programme Date, as amended and/or supplemented and/or restated from time to time;



<b>"Corporate Services Provider"</b>	Intertrust Management Limited, a company incorporated in England and Wales in its capacity as corporate services provider to the Liquidation Member under a Corporate Services Agreement, together with any successor corporate services provider appointed from time to time;
<b>"Couponholders"</b>	The holders of the Coupons (which expression shall, unless the context otherwise requires, include the holders of the Talons);
<b>"Coupons"</b>	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 164;
<b>"Covered Bond Guarantee"</b>	An unconditional and irrevocable guarantee by the LLP in the Trust Deed for the payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment;
<b>"Covered Bondholders"</b>	The bearer of the relevant Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond who shall be treated by the Issuer, the LLP, any Paying Agent, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and each a <b>"Covered Bondholder"</b> ;
<b>"Covered Bond Swap" or "Covered Bond Swaps"</b>	Each swap and/or basis transaction entered into between the LLP and the Covered Bond Swap Provider with respect to a Series of Covered Bonds;
<b>"Covered Bonds"</b>	Covered bonds issued or to be issued pursuant to the Programme Agreement and which are or are to be constituted under the Trust Deed, which covered bonds may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements or a Covered Bond issued pursuant to Condition 10 ( <i>Replacement of Covered Bonds, Receipts, Coupons and Talons</i> ) (each a <b>"Covered Bond"</b> );
<b>"Covered Bond Swap Provider" or "Covered Bond Swap Providers"</b>	Each provider of a Covered Bond Swap with respect to a Series of Covered Bonds;
<b>"CRA Regulation"</b>	Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended);
<b>"Current Balance"</b>	In relation to any Mortgage Loan as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate and at which interest on that Mortgage Loan accrues interest, and is the aggregate (but avoiding double counting) of: <ul style="list-style-type: none"> <li>(a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Related Security;</li> <li>(b) the amount of any Further Advance under that Mortgage Loan secured or purported to be secured by the Related Security;</li> <li>(c) any interest, legal expense, fee, charge, premium or payment which has been properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by that Mortgage Loan and the Related Security (including interest capitalised on any Further Advance); and</li> </ul>

- (d) any other amount (other than unpaid interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or purported to be secured by that Mortgage Loan and the Related Security, as at the end of the London Business Day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the London Business Day immediately preceding that given date;

<b>"Custodian"</b>	Any custodian with whom the relevant Registered Global Covered Bonds have been deposited;
<b>"Custody Accounts"</b>	The custody accounts in the name of the LLP held with the Securities Custodian and maintained subject to the terms of the Custody Agreement into which securities are deposited by a Swap Provider as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement;
<b>"Custody Agreement"</b>	The custody agreement entered into on 6 May 2015, as amended and/or supplemented and/or restated from time to time, between the LLP, the Securities Custodian, the Cash Manager and the Security Trustee;
<b>"D1"</b>	The first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D1 will be 30;
<b>"D2"</b>	The calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;
<b>"Day Count Fraction"</b>	The meaning given to such term in the applicable Conditions;
<b>"Dealer"</b>	Each of Barclays Bank PLC, Barclays Bank Ireland PLC and any other dealers appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer(s) shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Covered Bonds;
<b>"Dealers"</b>	One or more dealers appointed under the Programme from time to time by the Issuer, save that in the event of the exit by the United Kingdom from the European Union Barclays Bank PLC shall automatically cease to be appointed as Dealer effective as of the Withdrawal Date and references in this Base Prospectus to the Dealer or Dealers following the Withdrawal Date shall be construed accordingly;
<b>"Deed of Charge"</b>	The deed of charge (as amended and/or supplemented and/or restated from time to time) dated the Programme Date and made between the LLP, the Bond Trustee, the Security Trustee and certain other Secured Creditors;
<b>"Deed of Consent"</b>	A deed whereby a person in or intended to be in occupation of a Property agrees with the Seller to postpone his or her interest (if any) in the Property so that it ranks after the interest created in the relevant Mortgage;
<b>"Defaulted Mortgage Account"</b>	Any Mortgage Loan in the Portfolio which is more than 90 days in arrears or any Reference Mortgage Reserve that has a Mortgage Reserve Account Balance in excess of the Mortgage Reserve Credit

Limit;

**"Deferred Consideration"** The consideration payable to the Seller in respect of the Mortgage Loans and to the Originator Trustee in respect of the Reference Mortgage Reserves from time to time, which is payable after making payments of a higher order of priority as set out in the relevant Priorities of Payments;

**"Deferred MRT Contribution"** That part of the Deferred Consideration that is paid by the LLP to the Originator Trustee in consideration for the establishment of the Mortgage Reserve Originator Trust pursuant to the Mortgage Reserve Originator Trust Deed on each LLP Payment Date, and shall be equal to an amount determined in accordance with the then application of the Deferred MRT Contribution Calculation Formula to the amount of Deferred Consideration in accordance with the LLP Deed;

**"Deferred MRT Contribution Calculation Formula"** The formula used to determine the amount of Deferred MRT Contribution that is payable on an LLP Payment Date and shall be equal to:

$$TDC \times \left( \frac{PAO}{ACB + PAO} \right)$$

where:

TDC = the amount of Available Revenue Receipts on such LLP Payment Date after payment of all other amounts at items (i) to (xiii) of the Pre-Acceleration Revenue Priority of Payments;

PAO = the then MRT Trust Value as at the immediately preceding Determination Date; and

ACB = the then aggregate Current Balance on the Mortgage Loans in the then Mortgage Loan Portfolio as at the immediately preceding Determination Date;

**"Deferred Purchase Price Amount"** The amount of the Deferred Consideration calculated in accordance with the Deferred Purchase Price Calculation Formula;

**"Deferred Purchase Price Calculation Formula"** The formula used to determine the amount of Deferred Purchase Price that is payable on an LLP Payment Date and shall be equal to:

$$TDC \times \left( \frac{ACB}{ACB + PAO} \right)$$

where:

TDC = the amount of Available Revenue Receipts on such LLP Payment Date after payment of all other amounts at items (i) to (xiii) of the Pre-Acceleration Revenue Priority of Payments;

PAO = the then MRT Trust Value as at the immediately preceding Determination Date; and

ACB = the aggregate Current Balance on the Mortgage Loans in the then Mortgage Loan Portfolio as at the immediately preceding Determination Date;

**"Definitive Covered Bond"** A Bearer Definitive Covered Bond and/or, as the context may require,

	a Registered Definitive Covered Bond;
<b>"Definitive Regulation S Covered Bond"</b>	A Registered Covered Bond in definitive form sold to non-U.S. Persons outside the United States in reliance on Regulation S;
<b>"Definitive Rule 144A Covered Bond"</b>	A Registered Covered Bond in definitive form sold to QIBs pursuant to Rule 144A;
<b>"Designated Account"</b>	The meaning given in Condition 5(d) ( <i>Payments in respect of Registered Covered Bonds</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 179;
<b>"Designated Bank"</b>	The meaning given in Condition 5(d) ( <i>Payments in respect of Registered Covered Bonds</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 179;
<b>"Designated Maturity"</b>	The meaning given in the ISDA Definitions;
<b>"Designated Member"</b>	Each Member appointed and registered as such from time to time having those duties and obligations set out in Sections 8 and 9 of the LLPA 2000 being, as at the Programme Date, Barclays Bank PLC and the Liquidation Member, and as at the date of this Base Prospectus, BBUKPLC and the Liquidation Member (together, the " <b>Designated Members</b> ");
<b>"Determination Date"</b>	The first day of each calendar month;
<b>"Determination Period"</b>	The meaning given in Condition 4(a) ( <i>Interest on Fixed Rate Covered Bonds</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 170;
<b>"Direct Participants"</b>	The meaning given in " <i>Book-Entry Clearance System</i> " on page 155;
<b>"Directors"</b>	The board of directors for the time being of the Issuer;
<b>"Discounted Variable Rate Mortgage Loans"</b>	Tracker Rate Mortgage Loans or Standard Variable Rate Mortgage Loans which are subject to a discount for a specified period of time (usually a period between 12 and 24 months) and at the expiration of that period are generally subject to a rate linked to the Bank of England's base rate or the Barclays Standard Variable Rate (as applicable);
<b>"disqualified persons"</b>	The meaning given to such term on page 212;
<b>"Distribution Compliance Period"</b>	The period that ends 40 days after the completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);
<b>"Dodd-Frank Act"</b>	The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act 2010;
<b>"Drawdown Prospectus"</b>	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 164;
<b>"DTC"</b>	The Depository Trust Company;
<b>"DTC Covered Bonds"</b>	Covered Bonds accepted into DTC's book-entry settlement system;
<b>"DTCC"</b>	The Depository Trust & Clearing Corporation;
<b>"Due for Payment"</b>	The requirements by the LLP to pay any Guaranteed Amounts following the delivery of a Notice to Pay on the LLP: <ul style="list-style-type: none"> <li>(a) prior to the occurrence of an LLP Event of Default and the service of an LLP Acceleration Notice on the Issuer and the LLP, on the later of: <ul style="list-style-type: none"> <li>(i) the date on which the Scheduled Payment Date in</li> </ul> </li> </ul>

respect of such Guaranteed Amounts is reached, or, if later, the day which is two Business Days following service of a Notice to Pay on the LLP in respect of such Guaranteed Amounts or if the applicable Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Interest Payment Date that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date (each such date, an "**Original Due for Payment Date**"); and

- (ii) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Final Maturity Date for a Series of Covered Bonds only, the Extended Due for Payment Date, but only (i) if in respect of the relevant Series of Covered Bonds the Covered Bond Guarantee is subject to an Extended Due for Payment Date pursuant to the terms of the applicable Final Terms and (ii) to the extent that the LLP having received a Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date does not pay Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date, as the LLP has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of (a) the date which falls two Business Days after service of such Notice to Pay on the LLP or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(b)(i)) under the terms of the Covered Bond Guarantee and (b) the Extension Determination Date,

or, if, in either case, such day is not a Business Day, the next following Business Day. For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise; or

- (b) following the occurrence of an LLP Event of Default, the date on which an LLP Acceleration Notice is served on the Issuer and the LLP;

**"Earliest Maturing Covered Bonds"**

At any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the GIC Account) that has or have the earliest Final Maturity Date, as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of an LLP Event of Default);

**"Early Redemption Amount"**

The meaning given in the relevant Final Terms;

**"Early Repayment Charge"**

Any charge or fee which a Borrower is required to pay in accordance with the Mortgage Conditions applicable to a Mortgage Loan in the event that Borrower repays all or part of the relevant Mortgage Loan before a specified date (other than, for the avoidance of doubt, any

	redemption fees);
<b>"Eligibility Criteria"</b>	The meaning given to such term on page 92;
<b>"EMIR"</b>	Regulation (EU) 648/2012, the European Market Infrastructure Regulation;
<b>"English Mortgage"</b>	A first ranking legal mortgage over a residential property in England or Wales;
<b>"English Mortgage Loans"</b>	Mortgage Loans secured by an English Mortgage;
<b>"ERISA"</b>	The U.S. Employee Retirement Income Security Act of 1974, as amended;
<b>"ERISA Plans"</b>	The meaning given to such term on page 212;
<b>"EU"</b>	European Union;
<b>"EURIBOR"</b>	Eurozone interbank offered rate;
<b>"Euro Transaction Account"</b>	The Euro account designated as such in the name of the LLP held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the Deed of Charge;
<b>"Eurobond Basis"</b>	As specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Final Maturity Date (or, as the case may be, Extended Due for Payment Date) is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
<b>"Euroclear"</b>	Euroclear Bank S.A./N.V.;
<b>"Excess Proceeds"</b>	Moneys received (following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice) by the Bond Trustee from the Issuer or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration or other similar official appointed in relation to the Issuer;
<b>"Exchange Act"</b>	The U.S. Securities Exchange Act of 1934, as amended;
<b>"Exchange Agent"</b>	Citibank, N.A., London Branch in its capacity as exchange agent (which expression shall include any successor exchange agent);
<b>"Exchange Date"</b>	On or after the date which is 40 days after a Temporary Global Covered Bond is issued;
<b>"Exchange Event"</b>	In the case of Bearer Covered Bonds, the meaning given in " <i>Form of the Covered Bonds</i> " on page 160, and in the case of Registered Covered Bonds, the meaning given in " <i>Form of the Covered Bonds</i> " on page 161;
<b>"Excluded Swap Termination Amount"</b>	In relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider;
<b>"Extendable Maturity Asset Percentage"</b>	Save where a different percentage figure would not adversely affect the then current ratings of all outstanding Covered Bonds as confirmed in writing by the Rating Agencies, the lowest of: <ul style="list-style-type: none"> <li>(a) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf) which, if an increase to the then current Asset Percentage, ensures that all outstanding</li> </ul>

	Extendable Maturity Covered Bonds maintain the then current ratings assigned to them by Fitch and S&P; or
	(b) is not greater than the lowest of the Initial Moody's Asset Percentage for each Series of outstanding Extendable Maturity Covered Bonds, (regardless of the actual Moody's rating of such Series of Extendable Maturity Covered Bonds at the time);
<b>"Extendable Maturity Covered Bonds"</b>	A series of Covered Bonds in respect of which the Final Terms provide that such Covered Bonds are subject to an Extended Due for Payment Date;
<b>"Extended Covered Bonds"</b>	The meaning given on page 142;
<b>"Extended Due for Payment Date"</b>	In relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Extension Determination Date;
<b>"Extension Determination Date"</b>	In respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Final Maturity Date of such Series of Covered Bonds;
<b>"Extraordinary Resolution"</b>	A resolution of the holders of the Covered Bonds passed as such under the terms of the Trust Deed;
<b>"Fast Track Lending"</b>	The meaning given to such term on page 149;
<b>"FATCA"</b>	The meaning given to such term on page 212;
<b>"FATCA withholding"</b>	The meaning given to such term on page 187;
<b>"FCA"</b>	Financial Conduct Authority;
<b>"FIEA"</b>	The Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended);
<b>"Final Maturity Date"</b>	The Interest Payment Date on which each Series of Covered Bonds will be redeemed at their Principal Amount Outstanding in accordance with the Conditions;
<b>"Final Redemption Amount"</b>	The meaning given in the relevant Final Terms;
<b>"Final Terms"</b>	Final Terms of any Series and/or Tranche of Covered Bonds as described under " <i>Terms and Conditions of the Covered Bonds</i> " and which, with respect to Covered Bonds to be admitted to the Official List and admitted to trading by the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the applicable Series and/or Tranche of Covered Bonds;
<b>"First Issue Date"</b>	The first Issue Date on which the Issuer will issue a Series of Covered Bonds under the Programme;
<b>"Fitch"</b>	Fitch Ratings Limited;
<b>"Fitch Pre-Maturity Trigger"</b>	The meaning given in " <i>Credit Structure – Pre-Maturity Liquidity</i> " on page 133;
<b>"Fixed Coupon Amount"</b>	Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the fixed coupon amount specified in the Final Terms;

<b>"Fixed Interest Period"</b>	The meaning given in Condition 4(a) ( <i>Interest on Fixed Rate Covered Bonds</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 169;
<b>"Fixed Rate Covered Bonds"</b>	Covered Bonds paying a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s);
<b>"Fixed Rate Mortgage Loans"</b>	Mortgage Loans which are subject to a fixed interest rate for a specified period of time (usually a period of 2, 3, 4, 5 or 10 years) and at the expiration of that period are generally subject to a rate linked to the Barclays Standard Variable Rate or a tracker rate;
<b>"Floating Rate"</b>	The meaning given in the ISDA Definitions;
<b>"Floating Rate Convention"</b>	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 171;
<b>"Floating Rate Covered Bonds"</b>	Covered Bonds which bear interest at a rate determined: <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or</li> <li>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),</li> </ul> as set out in the applicable Final Terms;
<b>"Floating Rate Option"</b>	The meaning given in the ISDA Definitions;
<b>"Following Business Day Convention"</b>	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 171;
<b>"Foreign Currency Contingent Payment Debt Covered Bonds"</b>	Contingent payment debt Covered Bonds that are denominated, or provide for payments, in a currency other than the U.S. dollar;
<b>"foreign currency Covered Bonds"</b>	Covered Bonds that are denominated in a specified currency other than the U.S. dollar or the payments of interest or principal on which are payable in a currency other than the U.S. dollar;
<b>"FSA"</b>	Financial Services Authority and any successor thereto, including the FCA;
<b>"FSMA"</b>	Financial Services and Markets Act 2000, as amended;
<b>"FTT"</b>	The Financial Transaction Tax proposed by the European Commission;
<b>"Further Advance"</b>	A further drawing in respect of Mortgage Loans sold by the Seller to the LLP;
<b>"GIC Account"</b>	The account in the name of the LLP held with the Account Bank and maintained subject to the terms of the Guaranteed Investment Contract, the Account Bank Agreement and the Deed of Charge or such additional or replacement account as may for the time being be in place with the prior consent of the Security Trustee;
<b>"GIC Provider"</b>	Wells Fargo Bank, N.A. London Branch, in its capacity as GIC provider pursuant to the Account Bank Agreement together with any successor GIC provider appointed from time to time;
<b>"Global Covered Bond"</b>	A Bearer Global Covered Bond and/or Registered Global Covered



	Bond, as the context may require;
<b>"Guarantee"</b>	Each guarantee in support of the obligations of a Borrower under a Mortgage Loan;
<b>"Guarantee Priority of Payments"</b>	The meaning given in " <i>Cashflows</i> " on page 140;
<b>"Guaranteed Amounts"</b>	(a) Prior to the service of an LLP Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date or (b) after service of an LLP Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Conditions plus all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the LLP under the Trust Deed;
<b>"Guaranteed Investment Contract" or "GIC"</b>	Any guaranteed investment contract between the LLP, the GIC Provider, the Security Trustee and the Cash Manager, as amended and/or replaced and/or supplemented and/or restated from time to time;
<b>"Halifax Index"</b>	The index of increases in-house prices issued by Halifax, a division of the Bank of Scotland PLC, in relation to residential properties in the United Kingdom;
<b>"Halifax Price Indexed Valuation"</b>	In relation to any property at any date, the Latest Valuation of the property increased or decreased as appropriate by the increase or decrease in the Halifax Index since the date of that Latest Valuation;
<b>"Hard Bullet Asset Percentage"</b>	Save where a different percentage figure would not adversely affect the then current ratings of all outstanding Covered Bonds as confirmed in writing by the Rating Agencies, the lowest of: <ul style="list-style-type: none"> <li>(a) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf) which, if an increase to the then current Asset Percentage, ensures that all outstanding Hard Bullet Covered Bonds maintain the then current ratings assigned to them by Fitch and S&amp;P; or</li> <li>(b) is not greater than the lowest of the Initial Moody's Asset Percentage for each Series of outstanding Hard Bullet Covered Bonds, (regardless of the actual Moody's rating of such Series of Hard Bullet Covered Bonds at the time);</li> </ul>
<b>"Hard Bullet Covered Bonds"</b>	A certain Series of Covered Bonds scheduled to be redeemed in full on the Final Maturity Date therefor and without any provision for scheduled redemption other than on the Final Maturity Date;
<b>"Holders of the Covered Bonds" or "holders of the Covered Bonds"</b>	The holders for the time being of the Covered Bonds;
<b>"ICSDs"</b>	The international central securities depositories, being Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> ;
<b>"IFRS"</b>	International Financial Reporting Standards;
<b>"Indexed Valuation"</b>	At any date in relation to any Mortgage Account secured over any Property;

	(a) where the Latest Valuation of that Property is equal to or greater than the Halifax Price Indexed Valuation as at that date, the Halifax Price Indexed Valuation; or
	(b) where the Latest Valuation of that Property is less than the Halifax Price Indexed Valuation as at that date, the Latest Valuation plus 85 per cent. of the difference between the Latest Valuation and the Halifax Price Indexed Valuation;
<b>"Indirect Participants"</b>	The meaning given in " <i>Book-Entry Clearance Systems</i> " on page 155;
<b>"Initial Consideration"</b>	(a) A cash payment to be made by the LLP from the proceeds of the relevant Term Advance and/or from Available Principal Receipts; and/or
	(b) the Seller being treated as having made a Capital Contribution in an amount equal to the difference between the outstanding principal balance of the Mortgage Loans sold by the Seller as at the relevant Transfer Date and the cash payment (if any) made by the LLP under Paragraph (a) above;
<b>"Initial English Mortgage Loans"</b>	English Mortgage Loans in the Initial Mortgage Loan Portfolio;
<b>"Initial Moody's Asset Percentage"</b>	The meaning given in " <i>Summary of the Principal Documents – LLP Deed</i> " on page 116;
<b>"Initial Mortgage Loan Portfolio"</b>	The portfolio of Mortgage Loans and their Related Security, particulars of which are set out in the Mortgage Sale Agreement, but excluding any such Mortgage Loan and its Related Security which has been redeemed in full on or before the Programme Date, and (subject where applicable to the subsisting rights of redemption of the Borrowers) all right, title, interest and benefit of Barclays Bank PLC (in its capacity as Seller prior to the RFTS Effective Date) in and to:
	(a) all sums of principal, interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest and Capitalised Arrears) and any other sum due or to become due under or in respect of such Mortgage Loans and their Related Security on or after the Programme Date and including, without limitation, the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of Barclays Bank PLC under the applicable Mortgage (that forms part of the Related Security) and all sums due or to become due in respect of any Early Repayment Charge;
	(b) the benefit of all securities for such principal, interest and other sums payable (including without limitation any interest of the Seller in any life policy), the benefit of all Deeds of Consent, MHA Documentation and Deeds of Postponement, any Guarantee in respect of such Mortgage Loan or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;
	(c) the right to exercise all the powers of Barclays Bank PLC in relation thereto subject to and in accordance with the relevant Mortgage Conditions;
	(d) all the estate, title and interest in the Mortgaged Properties in

relation thereto vested in Barclays Bank PLC;

- (e) to the extent they are assignable or capable of being put into trust, each certificate of title and valuation report and any right of action of Barclays Bank PLC against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any Mortgage Loan and its Related Security, or any part thereof affecting the decision of Barclays Bank PLC to make or offer to make the relevant Mortgage Loan or part thereof; and
- (f) the benefit of certain Insurance Policies relating to the Mortgaged Properties, including the right to receive the proceeds of all claims made or to be made by or on behalf of Barclays Bank PLC or to which Barclays Bank PLC is or may become entitled;

**"Initial MRT Contribution"** The MRT Contribution paid by the LLP to the Originator Trustee on the MRT Establishment Date in consideration for the establishment of the Mortgage Reserve Originator Trust pursuant to the Mortgage Reserve Originator Trust Deed;

**"Initial Northern Irish Mortgage Loans"** Northern Irish Mortgage Loans in the Initial Mortgage Loan Portfolio;

**"Initial Reference Mortgage Reserve Portfolio"** The portfolio of Reference Mortgage Reserves associated with the Mortgage Loans comprising the Mortgage Loan Portfolio as at the Calculation Date immediately preceding the MRT Establishment Date as set out in the Mortgage Reserve Originator Trust Deed and/or applicable Additional Scottish Declaration of Trust but excluding any Reference Mortgage Reserves relating to Mortgage Loans redeemed in full on or before the MRT Establishment Date;

**"Initial Scottish Mortgage Loans"** Scottish Mortgage Loans in the Initial Mortgage Loan Portfolio;

**"Insolvency Act"** The Insolvency Act 1986, as amended;

**"Insolvency Event"** In respect of the Seller, the Administrator or the Cash Manager:

- (a) an order is made or petition presented or an effective resolution passed for the winding-up of the Relevant Entity (except, in any such case, a winding-up or dissolution for the purpose of a reconstruction or amalgamation the terms of which have been previously approved by the Security Trustee);
- (b) the Relevant Entity ceases or threatens to cease to carry on its business (otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (a) above) or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of Section 123(1)(a) (on the basis that the reference in such section to £750 was read as a reference to £10 million), (b), (c) (on that basis that the words "for a sum exceeding £10 million" was inserted after the words "extract registered bond" and "extract registered protest"), (d) or (e) of the Insolvency Act (as amended, modified or re-enacted) or becomes unable to pay its debts as they fall due or the value of its assets is less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or otherwise becomes insolvent; or

- (c) proceedings are initiated against the Relevant Entity or any steps are taken in respect of a Relevant Entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the Relevant Entity is solvent), insolvency or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or any substantial part of the undertaking or assets of the Relevant Entity; or a distress, execution, diligence or other process is enforced upon the whole or any substantial part of the undertaking or assets of the Relevant Entity and in any of the foregoing cases it is not discharged within 30 Business Days; or if the Relevant Entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally;

<b>"Instalment Covered Bonds"</b>	Covered Bonds which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms;
<b>"Insurance Policies"</b>	The insurance contracts or policies described in the Mortgage Sale Agreement and any other additional, substitute or replacement insurance contract or policy arranged by the Seller from time to time and in which the Seller has an interest relating to the Mortgage Loans;
<b>"Intercompany Loan Agreement"</b>	The term loan agreement dated the Programme Date, as amended and/or supplemented and/or restated from time to time, between the Issuer, the LLP and the Security Trustee;
<b>"Interest Amount"</b>	The amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination for the relevant Interest Period;
<b>"Interest Commencement Date"</b>	The meaning given to such term on page 169;
<b>"Interest Determination Date"</b>	In respect of Floating Rate Covered Bonds the meaning given in the applicable Final Terms;
<b>"Interest Only Mortgage Loans"</b>	Mortgage Loans where the Borrower makes monthly payments of interest but not of principal. When the Mortgage Loan matures, the entire principal amount of the Mortgage Loan is still outstanding and the Borrower must repay that amount in one lump sum;
<b>"Interest Payment Date"</b>	In relation to any Series of Covered Bonds, the Specified Interest Payment Date or the meaning given in the applicable Final Terms (as the case may be);
<b>"Interest Period"</b>	The period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;
<b>"Interest Rate Shortfall"</b>	The meaning given to such term on page 108;
<b>"Interest Rate Shortfall Test"</b>	The meaning given to such term on page 108;
<b>"Investor Report"</b>	The monthly report made available to the holders of the Covered Bonds, the Security Trustee, the Bond Trustee and the Rating Agencies detailing, <i>inter alia</i> , compliance with the Asset Coverage Test. Investor Reports shall be posted on the BBUKPLC website;
<b>"IRS"</b>	U.S. Internal Revenue Service;

<b>"ISDA"</b>	International Swaps and Derivatives Association, Inc.;
<b>"ISDA 1995 Credit Support Annex"</b>	The ISDA 1995 Credit Support Annex as published by ISDA;
<b>"ISDA Definitions"</b>	With respect to Covered Bonds issued prior to 31 December 2010, the 2000 ISDA Definitions, as published by ISDA and, with respect to Covered Bonds issued after 31 December 2010, the 2006 ISDA Definitions, as published by ISDA;
<b>"ISDA Master Agreement"</b>	The 1992 ISDA Master Agreement (Multicurrency-Cross Border), as published by ISDA;
<b>"ISDA Rate"</b>	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 172;
<b>"Issue Date"</b>	Each date on which the Issuer issues Covered Bonds to holders of the Covered Bonds;
<b>"Issuer"</b>	Barclays Bank UK PLC or BBUKPLC;
<b>"Issuer Acceleration Notice"</b>	The meaning given in Condition 9(a) ( <i>Issuer Events of Default</i> ) in <i>"Terms and Conditions of the Covered Bonds"</i> on page 187;
<b>"Issuer Event of Default"</b>	The meaning given in Condition 9(a) ( <i>Issuer Events of Default</i> ) in <i>"Terms and Conditions of the Covered Bonds"</i> on page 188;
<b>"Italian Financial Services Act"</b>	Legislative Decree No. 58 of 24 February 1998, as amended;
<b>"Latest Valuation"</b>	In relation to any Property, the value given to that Property by the most recent valuation undertaken or instructed by the Seller, according to its policies;
<b>"LBI"</b>	Lehman Brothers Inc.;
<b>"Ledger"</b>	The Originator Trustee Ledgers and the LLP Ledgers;
<b>"Legend"</b>	The Registered Covered Bonds legend as set out in the Trust Deed;
<b>"Legended Covered Bonds"</b>	The Registered Covered Bonds in definitive form that are Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;
<b>"Lending Criteria"</b>	The lending criteria of the Seller which may be amended from time to time (forming part of the Seller's Policy) which as at the Programme Date is set out in the Mortgage Sale Agreement and/or such other criteria as would be acceptable to a Prudent Mortgage Lender;
<b>"LIBOR"</b>	London interbank offered rate;
<b>"Liquidation Member"</b>	Congadale Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered number 6386365);
<b>"listed"</b>	The Covered Bonds that have been admitted to trading on the Regulated Market of the London Stock Exchange and have been admitted to the Official List;
<b>"LLP"</b>	Barclays Covered Bonds LLP, a limited liability partnership incorporated in England and Wales (registered number OC332284), whose first members were Barclays Bank PLC and the Liquidation Member, and following the RFTS Effective Date, Barclays Bank UK

PLC and the Liquidation Member;

<b>"LLP Acceleration Notice"</b>	A notice in writing given by the Bond Trustee to the Issuer and the LLP, that each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and as against the LLP, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in and in accordance with the Trust Deed and thereafter the Security shall become enforceable if any of the LLP Events of Default shall occur and be continuing;
<b>"LLP Accounts"</b>	The GIC Account, the Transaction Accounts and the Swap Collateral Accounts (to the extent maintained) and any additional or replacement accounts opened in the name of the LLP;
<b>"LLP Deed"</b>	The limited liability partnership deed between the LLP, Barclays Bank UK PLC, the Liquidation Member, the Bond Trustee and the Security Trustee entered into on the Programme Date, as may be amended, restated, novated, varied or supplemented from time to time and shall include any additional and/or replacement LLP deed entered into by such parties from time to time in accordance with the Transaction Documents;
<b>"LLP Deed of Covenant"</b>	The LLP deed of covenant entered into on or about the MRT Establishment Date between the LLP, the Members and the Security Trustee as may be amended, restated, novated, varied or supplemented from time to time and shall include any additional and/or replacement LLP deed of covenant entered into by such parties from time to time in accordance with the Transaction Documents;
<b>"LLP Event of Default"</b>	The meaning given in Condition 9(b) ( <i>LLP Events of Default</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 190;
<b>"LLP Ledgers"</b>	The Ledgers maintained on behalf of the LLP by the Cash Manager pursuant to the terms of the Cash Management Agreement;
<b>"LLP Management Committee"</b>	The management committee which will act on behalf of the LLP and to which (other than any decision to approve the audited accounts of the LLP or to make a resolution for the voluntary winding-up of the LLP, which require a unanimous decision of the Members) the Members delegate all matters;
<b>"LLP Payment Date"</b>	The 16th day of each month or if not a Business Day the next following Business Day;
<b>"LLP Payment Period"</b>	The period from and including an LLP Payment Date to but excluding the next following LLP Payment Date;
<b>"LLPA 2000"</b>	Limited Liability Partnerships Act 2000;
<b>"Loan Files"</b>	The file or files relating to each Mortgage Loan (including files kept in microfiche format or similar electronic data retrieval system) containing <i>inter alia</i> correspondence between the Borrower and the Seller and including the mortgage documentation applicable to the Mortgage Loan, each letter of offer for that Mortgage Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed conveyancer's, or (in Scotland) qualified conveyancer's, Certificate of Title;

<b>"London Business Day"</b>	A day (other than a Saturday or Sunday or public holiday) on which banks are generally open for business in London;
<b>"London Stock Exchange"</b>	The London Stock Exchange plc;
<b>"Long Maturity Covered Bond"</b>	A Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon, <b>provided that</b> such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond;
<b>"M1"</b>	The calendar month, expressed as a number, in which the first day of the Accrual Period falls;
<b>"M2"</b>	The calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;
<b>"Margin"</b>	The margin specified in the applicable Final Terms;
<b>"Markets in Financial Instruments Directive"</b>	Directive 2004/39/EC, as amended;
<b>"Master Definitions Schedule"</b>	The master definitions schedule made between the parties to the Transaction Documents on the Programme Date, as amended and/or supplemented and/or restated from time to time;
<b>"MCOB"</b>	Mortgages Conduct of Business Sourcebook, implemented by the FSA (as predecessor to the FCA) in October 2004, as amended, revised or supplemented from time to time;
<b>"Member"</b>	Each member of the LLP;
<b>"Member States"</b>	The member states of the European Union;
<b>"Members"</b>	As at the Programme Date, each of Barclays Bank PLC and the Liquidation Member and together with any other members from time to time, and, as from the RFTS Effective Date, each of Barclays Bank UK PLC and the Liquidation Member and together with any other members from time to time;
<b>"Minimum Specified Denomination"</b>	The meaning given in the relevant Final Terms;
<b>"Modified Following Business Day Convention"</b>	The meaning given in Condition 4 ( <i>Interest</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 171;
<b>"modifying agreement"</b>	The variation of credit agreements is regulated by Section 82(2) of the CCA. Section 82 states that where an agreement varies or supplements an earlier agreement, the modifying agreement shall for the purposes of the CCA be treated as (a) revoking the earlier agreement and (b) creating a new combined agreement;
<b>"Monthly Payment"</b>	In respect of a Mortgage Loan, or a Mortgage Account, the amount which the applicable Mortgage Conditions require a Borrower to pay on a Monthly Payment Date in respect of such Mortgage Loan or a Mortgage Account;
<b>"Monthly Payment Date"</b>	In respect of a Mortgage Loan, the date in each month on which the relevant Borrower is required to make a payment of interest and, if

	<i>Credit Structure</i> - applicable, principal, in respect of such Mortgage Loan, as required by the applicable Mortgage Conditions;
<b>"Moody's"</b>	Moody's Investors Service Limited;
<b>"Moody's Pre-Maturity Trigger"</b>	The meaning given in " <i>Credit Structure – Pre-Maturity Liquidity</i> " on page 133;
<b>"Mortgage"</b>	An English Mortgage, a Scottish Mortgage or, as applicable, a Northern Irish Mortgage;
<b>"Mortgage Account"</b>	A Mortgage Loan and its associated Mortgage Reserve;
<b>"Mortgage Account Balance"</b>	In relation to each Mortgage Account, the then Current Balance on the Mortgage Loan of such Mortgage Account and the then Mortgage Reserve Account Balance on the related Reference Mortgage Reserve of such Mortgage Account;
<b>"Mortgage Account Debt Balance Decrease Amount"</b>	The amount of decrease (if any) on the Mortgage Account Balance of a Mortgage Account as at the end of the immediately preceding Calculation Period when compared to the size of the Mortgage Account Balance of such Mortgage Account as at the beginning of the immediately preceding Calculation Period;
<b>"Mortgage Account Debt Principal Balancing Amount"</b>	In relation to a Mortgage Account: <ul style="list-style-type: none"> <li>(a) if the size of the Mortgage Account Debt Balance Decrease Amount is less than the then Mortgage Loan Principal Receipts Amount, then the Mortgage Account Debt Principal Balancing Amount for such Mortgage Loan on the relevant LLP Payment Date will be an amount equal to: <ul style="list-style-type: none"> <li>(i) the then Mortgage Loan Principal Receipts Amount for such Mortgage Account;</li> <li>less</li> <li>(ii) the then Mortgage Account Debt Balance Decrease Amount for such Mortgage Account;</li> </ul> </li> <li>(b) if the Mortgage Account Balance of such Mortgage Account as at the end of the immediately preceding Calculation Period is equal to or greater than the Mortgage Account Balance of such Mortgage Account as at the beginning of the immediately preceding Calculation Period, then the Mortgage Account Debt Principal Balancing Amount for such Mortgage Account on the relevant LLP Payment Date will be equal to the lesser of (i) the then Mortgage Loan Principal Receipts Amount for such Mortgage Account and (ii) the Mortgage Reserve Account Balance Increase Amount for the associated Reference Mortgage Reserve;</li> </ul>
<b>"Mortgage Account Portfolio"</b>	The then Mortgage Loan Portfolio together with all the Reference Mortgage Reserves associated with such Mortgage Loans contained in the then Mortgage Loan Portfolio;
<b>"Mortgage Conditions"</b>	All the terms and conditions applicable to a Mortgage Loan and a Mortgage Reserve at any time. The Seller is entitled to change its Mortgage Loan terms and conditions and/or the Mortgage Reserve terms and conditions, from time to time;



<b>"Mortgage Credit Directive"</b>	Directive 2014/17/EU, relating to residential immovable property for consumers published in the Official Journal of the EU on 28 February 2014;
<b>"Mortgage Loan Portfolio"</b>	On any particular date, the Initial Mortgage Loan Portfolio and the New Mortgage Loan Portfolio;
<b>"Mortgage Loan Principal Receipts"</b>	Any payment in respect of principal received from time to time in respect of any Mortgage Loan in the Mortgage Loan Portfolio (including, without limitation, whether as all or part of a Monthly Payment by a Borrower on the relevant Mortgage Loan, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Policy));
<b>"Mortgage Loan Principal Receipts Amount"</b>	The aggregate amount of Mortgage Loan Principal Receipts received by the LLP in respect of a Mortgage Account during such Calculation Period;
<b>"Mortgage Loan Repurchase Notice"</b>	The notice served upon the Seller by the LLP or upon the LLP by the Seller requiring the repurchase by or re-transfer to the Seller of specified Mortgage Loans and their Related Security, as set forth in the Mortgage Sale Agreement;
<b>"Mortgage Loan Revenue Receipts"</b>	Any payment received from time to time in respect of any Mortgage Loan which is not a Mortgage Loan Principal Receipt (including any Early Repayment Charges of any Mortgage Loan in the Mortgage Loan Portfolio and whether as all or part of a Monthly Payment by a Borrower on the relevant Mortgage Loan, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Policy) (but excluding, for the avoidance of doubt, any Mortgage Purchase Inducement Fee));
<b>"Mortgage Loan Scheduled Payment Date"</b>	In respect of a Mortgage Loan, a date on which the relevant Borrower is required to make a payment of interest and, if applicable, principal, in respect of such Mortgage Loan, as required by the applicable Mortgage Conditions;
<b>"Mortgage Loans", each a "Mortgage Loan"</b>	Any English Mortgage Loan, Scottish Mortgage Loan or Northern Irish Mortgage Loan originated by the Seller;
<b>"Mortgage Purchase Inducement Fee"</b>	The meaning given to such term on page 92;
<b>"Mortgage Reserve"</b>	Each of the overdraft facilities, which are granted by the Seller in favour of certain Borrowers on the bank accounts, which may be opened, operated and maintained by the Seller in connection with the opening and operation of certain Mortgage Loans that have been provided to those Borrowers;
<b>"Mortgage Reserve Account"</b>	A bank account the Borrower is required to open with the Seller or an existing and qualifying current account the Borrower is required to link under each of the types of Mortgage Loan;
<b>"Mortgage Reserve Account Balance"</b>	In relation to each Mortgage Reserve, the aggregate outstanding principal balance of that Mortgage Reserve as at any given date;
<b>"Mortgage Reserve Account Balance Increase Amount"</b>	For a Reference Mortgage Reserve, is an amount equal to the Mortgage Reserve Account Balance for the relevant Reference Mortgage Reserve as at the end of the immediately preceding Calculation Period minus the Mortgage Reserve Account Balance of

such Reference Mortgage Reserve as at the beginning of the immediately preceding Calculation Period or, in relation to a Mortgage Reserve that became a Reference Mortgage Reserve during the immediately preceding Calculation Period, the applicable Transfer Date and also further minus an amount equal to the Potential MRT Interest Amount for the then immediately preceding Calculation Period (save that if the result of such calculation is a negative amount, the then Mortgage Reserve Account Balance Increase Amount for such Reference Mortgage Reserve shall equal zero);

<b>"Mortgage Reserve Agreement"</b>	The agreement entered into between the Seller and the relevant Borrower(s) with respect to a Mortgage Reserve containing, <i>inter alia</i> , the Mortgage Reserve Conditions;
<b>"Mortgage Reserve Conditions"</b>	In relation to a Mortgage Reserve, the terms and conditions applicable to that Mortgage Reserve and its Related Security;
<b>"Mortgage Reserve Credit and Aggregate Debt Limit"</b>	An agreed Mortgage Reserve Credit Limit and aggregate amount of debt that can be outstanding on the Mortgage Loan and the associated Mortgage Reserve at any one time;
<b>"Mortgage Reserve Credit and Aggregate Debt Limit Increase"</b>	An increase in a Mortgage Reserve Credit Limit in relation to a Reference Mortgage Reserve that causes the aggregate permitted debt owed by a Borrower in respect of its Mortgage Accounts to increase;
<b>"Mortgage Reserve Credit Limit"</b>	The maximum permitted credit limit for a Mortgage Reserve pursuant to the Mortgage Conditions, which may be increased or decreased from time to time;
<b>"Mortgage Reserve Interest"</b>	The amount of interest charged to a Borrower on such Borrower's Reference Mortgage Reserve, from time to time;
<b>"Mortgage Reserve Losses"</b>	The realised losses experienced on the Reference Mortgage Reserves which are in the Reference Mortgage Reserve Portfolio;
<b>"Mortgage Reserve Originator Trust"</b>	The trust over the MRT Trust Property declared by the Originator Trustee in favour of the Mortgage Reserve Originator Trust Beneficiary pursuant to the terms of the Mortgage Reserve Originator Trust Deed and/or any Additional Scottish Declaration of Trust;
<b>"Mortgage Reserve Originator Trust Beneficiary"</b>	The LLP;
<b>"Mortgage Reserve Originator Trust Deed"</b>	The mortgage reserve originator trust deed entered into on or about the MRT Establishment Date between the Originator Trustee, the Seller, the LLP, the Mortgage Reserve Originator Trust Beneficiary, the Bond Trustee and the Security Trustee as may be amended, restated, novated, varied or supplemented from time to time and shall include any additional and/or replacement mortgage reserve originator trust deed entered into by such parties from time to time in accordance with the Transaction Documents;
<b>"Mortgage Reserve Principal Loss Reduction"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 102;
<b>"Mortgage Reserve Principal Repayment Amount"</b>	In relation to a Reference Mortgage Reserve, an amount equal to the Mortgage Reserve Account Balance of the relevant Reference Mortgage Reserve at the start of the immediately preceding Calculation Period minus the Mortgage Reserve Account Balance of

such Reference Mortgage Reserve at the end of the immediately preceding Calculation Period (save that:

- (a) if the result of such calculation is a negative amount, then the Mortgage Reserve Principal Repayment Amount for such Reference Mortgage Reserve shall equal zero;
- (b) any Released Potential MRT Interest Amount in respect of such reference Mortgage Reserve shall be excluded for these purposes (and thus reduce the size of such Mortgage Reserve Principal Repayment Amount);
- (c) if the Reference Mortgage Reserve was not a Reference Mortgage Reserve at the beginning of the Calculation Period, reference shall be made to the Mortgage Reserve Account Balance of the relevant Mortgage Reserve as at the time when it became a Reference Mortgage Reserve; and
- (d) if the Reference Mortgage Reserve is not a Reference Mortgage Reserve at the end of the Calculation Period (for whatsoever reason (for example, the associated Mortgage Loan has been repaid or repurchased by the Seller)), then the Mortgage Reserve Principal Repayment Amount for such Reference Mortgage Reserve is equal to the Mortgage Reserve Account Balance of such Reference Mortgage Reserve (as at the beginning of the Calculation Period) less any Aggregate Potential MRT Interest Amount for such Reference Mortgage Reserve. Save that, in this respect, if the Mortgage Loan associated with a Reference Mortgage Reserve is repurchased on a Determination Date, then, for the purposes of determining the amount and timing of when the Mortgage Reserve Principal Repayment Amount shall be deemed to have arisen (as a result of such Reference Mortgage Reserve ceasing to be a Reference Mortgage Reserve as a consequence), the relevant Reference Mortgage Reserve shall be deemed to have ceased to have been a Reference Mortgage Reserve during the immediately prior Calculation Period (with, for the avoidance of doubt, the resulting Mortgage Reserve Principal Repayment Amount in respect of such Reference Mortgage Reserve therefore contributing to the amount of the MRT Principal Amount to be distributed by the Originator Trustee on the Originator Trust Distribution Date immediately following such Determination Date);

**"Mortgage Reserve Security Enforcement Proceed Amounts"**

The proceeds which the LLP receives following enforcement of any Related Security that are to be applied to reduce the Mortgage Reserve Account Balance of the associated Reference Mortgage Reserves;

**"Mortgage Sale Agreement"**

The mortgage sale agreement between *inter alios* the Seller, the Originator Trustee, the LLP, and the Security Trustee in relation to the sale and assignment of the First Issue Date Mortgage Loan Portfolio and the sale and assignment from time to time of New Mortgage Loan Portfolios to the LLP entered into on the Programme Date, as may be amended, restated, novated, varied or supplemented from time to time and shall include any additional and/or replacement mortgage sale agreement entered into by such parties from time to time in accordance with the Transaction Documents;

**"Mortgaged Property",**

- (i) in relation to any English Mortgage Loan, the freehold or

collectively, "**Mortgaged Properties**"

leasehold property in England and Wales subject to the relevant Mortgage securing repayment of the English Mortgage Loan, (ii) in relation to any Scottish Mortgage Loan, the heritable or long leasehold property in Scotland, and all rights and security attached or appurtenant or related thereto and all buildings and fixtures and fittings thereon which are subject to the Mortgage securing repayment of such Mortgage Loan and (iii) in relation to any Northern Irish Mortgage Loan, the freehold or leasehold property in Northern Ireland subject to the relevant Mortgage securing repayment of the relevant Northern Irish Mortgage Loan;

"**MRT Contribution**" or "**MRT Contributions**"

The Initial MRT Contribution, the Additional MRT Contributions and the Deferred MRT Contributions;

"**MRT Distribution**"

Any distribution of MRT Principal Amounts or MRT Interest Amounts (as applicable) by the Originator Trustee to the LLP pursuant to the terms of the Mortgage Reserve Originator Trust Deed;

"**MRT Establishment Date**"

23 January 2013;

"**MRT Immediately Due and Payable Interest Amount**"

In respect of each Originator Trust Distribution Date, an amount equal to the sum of (in aggregate in respect of every Reference Mortgage Reserve but as determined on a Reference Mortgage Reserve by Reference Mortgage Reserve basis):

- (a) in relation to each Borrower whose Mortgage Reserve Account Balance as at the beginning of the immediately preceding Calculation Period is greater than or equal to the Mortgage Reserve Account Balance for such Mortgage Reserve as at the end of such immediately preceding Calculation Period, the amount of Mortgage Reserve Interest charged to such Borrower and debited from such Borrower's Reference Mortgage Reserve during such immediately preceding Calculation Period;
- (b) in relation to each Borrower:
  - (i) whose Mortgage Reserve Account Balance as at the beginning of the immediately preceding Calculation Period is less than the Mortgage Reserve Account Balance for such Mortgage Reserve as at the end of such immediately preceding Calculation Period; and
  - (ii) whose Mortgage Reserve Account Balance as at the end of such immediately preceding Calculation Period is less than or equal to the Mortgage Reserve Credit Limit,

the amount of Mortgage Reserve Interest charged to such Borrower and debited from such Borrower's Reference Mortgage Reserve during such immediately preceding Calculation Period;

- (c) in relation to each Borrower:
  - (i) whose Mortgage Reserve Account Balance as at the beginning of the immediately preceding Calculation Period is less than the Mortgage Reserve Account Balance for such Mortgage Reserve as at the end of the immediately preceding

Calculation Period; and

- (ii) where: (A) the amount equal to the Mortgage Reserve Account Balance as at the end of the immediately preceding Calculation Period minus the amount equal to the amount of the Mortgage Reserve Interest charged to such Borrower and debited from such Borrower's Reference Mortgage Reserve during such immediately preceding Calculation Period; is greater than or equal to (B) the Mortgage Reserve Credit Limit as at the end of such immediately preceding Calculation Period,

the amount equal to: (i) the Mortgage Reserve Account Balance as at the beginning of such immediately preceding Calculation Period; minus (ii) the amount equal to the Mortgage Reserve Account Balance as at the end of such immediately preceding Calculation Period minus the amount of Mortgage Reserve Interest charged to such Borrower and debited from such Borrower's Reference Mortgage Reserve during such immediately preceding Calculation Period, save that if the total of the calculation described in this paragraph (c) is less than zero then such total shall be deemed to equal zero;

- (d) in relation to each Borrower:

- (i) whose Mortgage Reserve Account Balance as at the beginning of the immediately preceding Calculation Period is less than the Mortgage Reserve Account Balance for such Mortgage Reserve as at the end of such immediately preceding Calculation Period; and

- (ii) where: (A) the amount equal to the Mortgage Reserve Account Balance as at the end of such immediately preceding Calculation Period minus the amount equal to the amount of Mortgage Reserve Interest charged to such Borrower and debited from such Borrower's Reference Mortgage Reserve during such immediately preceding Calculation Period; is less than (B) the Mortgage Reserve Credit Limit as at the end of such immediately preceding Calculation Date; and

- (iii) where the Mortgage Reserve Account Balance as at the end of such immediately preceding Calculation Period is greater than the Mortgage Reserve Credit Limit as at the end of such immediately preceding Calculation Period,

the amount equal to the greater of:

- (A) the amount equal to: (i) the Mortgage Reserve Account Balance as at the beginning of such immediately preceding Calculation Period; minus (ii) the amount equal to the Mortgage Reserve Account Balance as at the end of such immediately preceding Calculation Period minus the amount of Mortgage Reserve Interest charged to such Borrower and debited from such Borrower's

Reference Mortgage Reserve during such immediately preceding Calculation Period; and

- (B) the amount equal to: (i) the Mortgage Reserve Credit Limit as at the end of such immediately preceding Calculation Period; minus (ii) the amount equal to the Mortgage Reserve Account Balance as at the end of such immediately preceding Calculation Period, minus the amount of Mortgage Reserve Interest charged to such Borrower and debited from such Borrower's Reference Mortgage Reserve during such immediately preceding Calculation Period;

and, in relation to any Borrower whose payment of Mortgage Reserve Interest falls into one of the scenarios described in paragraph (c) or (d) above, the amount which (by reference to the above paragraphs and still on a Borrower by Borrower and Reference Mortgage Reserve by Reference Mortgage Reserve basis) is equal to the sum of Potential MRT Interest;

**"MRT Interest Amount"**

On any Originator Trust Distribution Date, an amount (as calculated by the Cash Manager on the immediately preceding Calculation Date and in respect of the immediately preceding Calculation Period) equal to the sum of:

- (a) the then MRT Immediately Due and Payable Interest Amount in respect of such Originator Trust Distribution Date; and
- (b) the then MRT Subsequently Due and Payable Interest Amount that is due and payable on such Originator Trust Distribution Date;

**"MRT Principal Amount"**

On any Originator Trust Distribution Date, an amount (as calculated by the Cash Manager on the immediately preceding Calculation Date and in respect of the immediately preceding Calculation Period) equal to the Aggregate Mortgage Reserve Principal Repayment Amounts received in respect of the Reference Mortgage Reserve Portfolio during such immediately preceding Calculation Period;

**"MRT Principal Receipts"**

Any MRT Principal Amounts received by the LLP from the Originator Trustee in accordance with and pursuant to the terms of the Mortgage Reserve Originator Trust Deed;

**"MRT Revenue Receipts"**

Any MRT Interest Amounts received by the LLP from the Originator Trustee in accordance with and pursuant to the terms of the Mortgage Reserve Originator Trust Deed;

**"MRT Subsequently Due and Payable Interest Amount"**

In respect of each Originator Trust Distribution Date, an amount equal to the aggregate of the Released Potential MRT Interest Amount for each Reference Mortgage Reserve during the immediately preceding Calculation Period, where a **"Released Potential MRT Interest Amount"** will arise if the following two statements are true in respect of such Calculation Period:

- (a) the relevant Reference Mortgage Reserve at the beginning of a Calculation Period has aggregate Potential MRT Interest recorded against it at such time; and

- (b) the Mortgage Reserve Account Balance for such Reference Mortgage Reserve as at the end of the last day of the relevant Calculation Period is less than the Mortgage Reserve Account Balance for such reference Mortgage Reserve as at the beginning of the first day of such Calculation Period,

and if so, the Released Potential MRT Interest Amount for such Reference Mortgage Reserve will be an amount equal to the lesser of:

- (i) an amount equal to the Mortgage Reserve Account Balance for such Reference Mortgage Reserve as at the beginning of the first day of such Calculation Period minus the Mortgage Reserve Account Balance for such Reference Mortgage Reserve as at the end of the last day of the relevant Calculation Period; and
- (ii) the then Aggregate Potential MRT Interest Amount for such Reference Mortgage Reserve,

and the Aggregate Potential MRT Interest Amount will thereafter be reduced by an amount equal to such Released Potential MRT Interest Amount. In addition, Released Potential MRT Interest Amounts will also be deemed to have arisen in relation to a Reference Mortgage Reserve and in an amount equal to the total Aggregate Potential MRT Interest Amount recorded in respect of such Reference Mortgage Reserve is, by the end of such Calculation Period, no longer a Reference Mortgage Reserve (for whatsoever reason (for example, the associated Mortgage Loan has been repaid or repurchased by the Seller) save that, in this respect, if the Mortgage Loan associated with a Reference Mortgage Reserve is repurchased on or before a Determination Date, then, for the purposes of determining the amount and timing of when Released Potential MRT Interest Amount is deemed to have arisen (as a result of such Reference Mortgage Reserve ceasing to be a Reference Mortgage Reserve as a consequence), the relevant Reference Mortgage Reserve shall be deemed to have ceased to have been a Reference Mortgage Reserve during the immediately prior Calculation Period (with, for the avoidance of doubt, the resulting Released Potential MRT Interest Amount in respect of such Reference Mortgage Reserve therefore contributing to the amount of the MRT Interest Amount to be distributed to the LLP on the Originator Trust Distribution Date immediately following such Determination Date));

**"MRT Trust Property"**

The meaning given in "*Summary of the Principal Documents*" on page 100;

**"MRT Trust Value"**

At any time, the aggregate amount of all Mortgage Reserve Account Balances as at such time (less, in respect of each and every Reference Mortgage Reserve at such time, the then Aggregate Potential MRT Interest Amount for each such Reference Mortgage Reserve) as adjusted from time to time in accordance with the terms and conditions of the Mortgage Reserve Originator Trust Deed;

**"N"**

An amount equal to the Adjusted Required Redemption Amount in respect of the relevant Series of Covered Bonds;

**"N Covered Bond "**

A Registered Covered Bond in definitive form made out in the name of a specified N Covered Bondholder issued, or to be issued by the Issuer, in accordance with the Agency Agreement and the Trust

	Deed, in the form of a German <i>Namenschuldverschreibung</i> with such modifications (if any) as may be agreed between the Issuer, the LLP, the Bond Trustee and the relevant N Covered Bondholder and having the N Covered Bond Conditions annexed thereto and subject to the provisions of the N Covered Bond Agreement relating thereto;
<b>"N Covered Bond Agreement"</b>	In respect of any N Covered Bonds, an agreement between the Issuer, the Guarantor, the Bond Trustee and the relevant N Covered Bondholder;
<b>"N Covered Bond Condition"</b>	The meaning given to such term on page 163;
<b>"Negative Carry Factor"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 115;
<b>"Negative Interest Amounts"</b>	The meaning given to it at Clause 13.2 of the Standby Account Bank Agreement;
<b>"Negative Interest Indemnity Amounts"</b>	Any Negative Interest Amounts accrued with respect to any Standby LLP Account (other than the Standby GIC Account) other than as a result of the wilful default, negligence or fraud on the part of the Standby Account Bank;
<b>"New Loan Type"</b>	A new type of mortgage loan originated or acquired by the Seller, which the Seller intends to transfer to the LLP, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Mortgage Loans. For the avoidance of doubt, a mortgage loan will not constitute a New Loan Type if it differs from the Mortgage Loans due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate or the benefit of any discounts, cashbacks and/or rate guarantees;
<b>"New Member"</b>	Any new member admitted to the LLP after the Programme Date;
<b>"New Mortgage Account"</b>	Mortgage Accounts, other than the Mortgage Accounts comprised in the Portfolio on the Programme Date;
<b>"New Mortgage Loan"</b>	Mortgage Loans, which the Seller may assign or transfer to the LLP after the Programme Date pursuant to the Mortgage Sale Agreement;
<b>"New Mortgage Loan Portfolio"</b>	In each case, the portfolio of New Mortgage Loans and their Related Security (other than any New Mortgage Loans and their Related Security which have been redeemed in full prior to the Transfer Date or which do not otherwise comply with the terms of the Mortgage Sale Agreement as at the Transfer Date), particulars of which are set out in the relevant New Mortgage Loan Portfolio Notice or in a document stored upon electronic media (including, but not limited to, a CD-ROM), and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) of the definition of "Initial Mortgage Loan Portfolio" above;
<b>"New Mortgage Loan Portfolio Notice"</b>	A notice in the form set out in Schedule 12 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement;
<b>"New Northern Irish Mortgage Loans"</b>	Northern Irish Mortgage Loans, other than the Initial Northern Irish Mortgage Loans, which the Seller agrees from time to time to sell and assign to the LLP after the Programme Date on any Transfer Date;



<b>"New Safekeeping Structure"</b>	A structure whereby a Regulation S Registered Global Covered Bond which is registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg will be deposited on or about the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg;
<b>"New Scottish Mortgage Loan"</b>	Scottish Mortgage Loans, other than the Initial Scottish Mortgage Loans, which the Seller agrees from time to time to sell and assign to the LLP after the Programme Date on any Transfer Date;
<b>"New Scottish Mortgage Loans Portfolio"</b>	That part of the New Mortgage Loan Portfolio that comprises New Scottish Mortgage Loans and their Related Security;
<b>"New Seller"</b>	Any other member of the BBUKPLC Group which accedes to, among other things, the Mortgage Sale Agreement, the LLP Deed and the Programme Agreement at any time after the Programme Date;
<b>"NGCB"</b>	New Global Covered Bond;
<b>"Non-Reference Mortgage Reserve"</b>	A Mortgage Reserve that has ceased to be a Reference Mortgage Reserve in accordance with the terms of the Mortgage Reserve Originator Trust Deed;
<b>"Northern Irish Mortgage"</b>	A first ranking mortgage (in the case of unregistered land) or a first ranking charge (in the case of registered land) over a residential property in Northern Ireland;
<b>"Northern Irish Mortgage Loans"</b>	Mortgage Loans secured by a Northern Irish Mortgage;
<b>"Notice to Pay"</b>	The meaning given in Condition 9(a) ( <i>Issuer Events of Default</i> ) in "Terms and Conditions of the Covered Bonds" on page 189;
<b>"NSS"</b>	New Safekeeping Structure;
<b>"NY Supreme Court"</b>	The Supreme Court of the State of New York;
<b>"O"</b>	A number equal to the Asset Percentage divided by: <ul style="list-style-type: none"> <li>(i) in respect of Hard Bullet Covered Bonds, the Hard Bullet Asset Percentage; or</li> <li>(ii) in respect of Covered Bonds Covered Bonds subject to an Extended Due for Payment Date, the Extendable Maturity Asset Percentage;</li> </ul>
<b>"Official List"</b>	Official list of the UK Listing Authority;
<b>"Offset Mortgage Loan"</b>	A Mortgage Loan which allows the relevant Borrower to link a Mortgage Account with certain deposit and/or current and/or savings accounts that are held in the name of the Borrower with the Seller;
<b>"OFT"</b>	Office of Fair Trading and any successor thereto, including the CMA;
<b>"Ombudsman"</b>	Financial Ombudsman Service under the FSMA;
<b>"Original Due for Payment Date"</b>	The meaning given in sub-paragraph (a)(i) of the definition of "Due for Payment";
<b>"Originator Trust Distribution"</b>	Each LLP Payment Date;

<b>Date"</b>	
<b>"Originator Trustee"</b>	Barclays;
<b>"Originator Trustee Ledgers"</b>	The Ledgers maintained on behalf of the Originator Trustee by the Cash Manager pursuant to the terms of the Cash Management Agreement;
<b>"PAML"</b>	The meaning given to such term on page 149;
<b>"Partial Portfolio"</b>	Part of any portfolio of Selected Mortgage Loans;
<b>"parties in interest"</b>	The meaning given to such term on page 212;
<b>"Paying Agents"</b>	The meaning given in the <i>"Terms and Conditions of the Covered Bonds"</i> on page 163;
<b>"Payment Day"</b>	The meaning given in Condition 5 ( <i>Payments</i> ) in <i>"Terms and Conditions of the Covered Bonds"</i> on page 181;
<b>"Permanent Global Covered Bond"</b>	The meaning given in <i>"Form of the Covered Bonds"</i> on page 159;
<b>"Plans"</b>	The meaning given to such term on page 212;
<b>"Portfolio"</b>	The portfolio of Mortgage Accounts from time to time;
<b>"Post-Enforcement Priority of Payments"</b>	The meaning given in <i>"Cashflows"</i> on page 143;
<b>"Potential Issuer Event of Default"</b>	The meaning given in Condition 14 ( <i>Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution</i> ) in <i>"Terms and Conditions of the Covered Bonds"</i> on page 198;
<b>"Potential LLP Event of Default"</b>	The meaning given in Condition 14 ( <i>Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution</i> ) in <i>"Terms and Conditions of the Covered Bonds"</i> on page 198;
<b>"Potential MRT Interest"</b>	In respect of each Originator Trust Distribution Date and in relation to each Mortgage Reserve, the sum of: <ul style="list-style-type: none"> <li>(a) the amount of Mortgage Reserve Interest charged to such Borrower and debited from such Borrower's Reference Mortgage Reserve during the immediately preceding Calculation Period; minus,</li> <li>(b) the result of the relevant calculation for such Reference Mortgage Reserve as set out in paragraph (c) or (d) (as applicable) of the definition of "MRT Immediately Due and Payable Interest";</li> </ul>
<b>"PRA"</b>	Prudential Regulation Authority;
<b>"Pre-Acceleration Principal Priority of Payments"</b>	The meaning given in <i>"Cashflows"</i> on page 138;
<b>"Pre-Acceleration Revenue Priority of Payments"</b>	The meaning given in <i>"Cashflows"</i> on page 136;
<b>"Pre-Maturity Liquidity Ledger"</b>	The monthly ledger maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of moneys available to repay any Series of Covered Bonds on the Final

Maturity Date thereof if the Pre-Maturity Test has been breached;

<b>"Pre-Maturity Rating Triggers"</b>	The Fitch Pre-Maturity Trigger, the S&P Pre-Maturity Trigger and the Moody's Pre-Maturity Trigger, and <b>"Pre-Maturity Rating Trigger"</b> means any one of these;
<b>"Pre-Maturity Test"</b>	<p>On a Pre-Maturity Test Date, if the Issuer fails or breaches the following conditions:</p> <ul style="list-style-type: none"><li>(a) the Issuer's short-term credit rating, as applicable, from S&amp;P falls to A-1 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within six months of the relevant Pre-Maturity Test Date; or</li><li>(b) the Issuer's (i) long-term credit rating, as applicable, from Moody's falls to A2 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within six months of the relevant Pre-Maturity Test Date or (ii) short-term credit rating or Deemed Rating, as applicable, from Moody's falls to P-2 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months of the relevant Pre-Maturity Test Date; or</li><li>(c) the Issuer's short-term credit rating, as applicable, from Fitch falls to F1 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months of the relevant Pre-Maturity Test Date;</li></ul>
<b>"Pre-Maturity Test Date"</b>	Each Business Day prior to the occurrence of an Issuer Event of Default or the occurrence of an LLP Event of Default on which the LLP or the Cash Manager on its behalf will determine if the Pre-Maturity Test has been breached, and if so, it shall immediately notify the Members and the Security Trustee thereof;
<b>"Preceding Business Day Convention"</b>	The meaning given in Condition 4(b) ( <i>Interest on Floating Rate Covered Bonds</i> ) in <i>"Terms and Conditions of the Covered Bonds"</i> on page 171;
<b>"Principal Amount Outstanding"</b>	In respect of a Covered Bond, the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of the Covered Bonds in respect thereof;
<b>"Principal Ledger"</b>	The monthly ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of Principal Receipts in accordance with the terms of the LLP Deed;
<b>"Principal Paying Agent"</b>	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 163;
<b>"Principal Receipts"</b>	Any Mortgage Loan Principal Receipts and/or MRT Principal Receipts, as the case may be;
<b>"Priorities of Payments"</b>	The orders of priority for the allocation and distribution of amounts standing to the credit of the LLP Accounts in different circumstances;
<b>"Product Switch"</b>	A Mortgage Loan will be deemed to be the subject of a "Product Switch" if there is any variation of the financial terms and conditions of the Mortgage Loan other than:

- (a) a change which was previously agreed with the Borrower at the time of the origination of the original Mortgage Loan (for example, the seller and the borrower may agree at the time of origination of a Mortgage Loan that a fixed rate mortgage loan may become a standard variable rate mortgage loan at a specified time in the future);
- (b) a change from an interest-only Mortgage Loan to a repayment Mortgage Loan;
- (c) a transfer of equity;
- (d) a release of a party to a Mortgage Loan or a release of part of the land subject to the mortgage;
- (e) any variation agreed with a Borrower to control or manage Arrears on a Mortgage Loan;
- (f) any variation which extends the maturity date of the Mortgage Loan unless, while any Covered Bonds are outstanding, it is extended beyond the then maximum permitted Mortgage Loan maturity date; and
- (g) any variation imposed by statute;

<b>"Programme"</b>	The €35 billion covered bond programme of Barclays Bank UK PLC;
<b>"Programme Agreement"</b>	The meaning given in " <i>Subscription and Sale and Transfer and Selling Restrictions</i> " on page 215;
<b>"Programme Date"</b>	18 December 2007;
<b>"Programme Resolution"</b>	Any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9 ( <i>Events of Default and Enforcement</i> ) or to direct the Bond Trustee or the Security Trustee to take any enforcement action;
<b>"Property"</b>	A freehold or leasehold property (or in Scotland a heritable property or a property held under a long lease) which is subject to a Mortgage;
<b>"Prospectus Directive"</b>	Prospectus Directive (Directive 2003/71/EC) (and amendments thereto);
<b>"Prudent Mortgage Lender"</b>	The Seller and/or the Administrator, as applicable, acting in accordance with the standards of a reasonably prudent residential mortgage lender lending to borrowers in England, Wales, Scotland and/or Northern Ireland who generally satisfy the lending criteria of traditional sources of residential mortgage capital;
<b>"PTCE"</b>	Prohibited Transaction Class Exemption;
<b>"Purchaser"</b>	Any third party or the Seller to whom the LLP offers to sell Selected Mortgage Loans;
<b>"QIB" or "QIBs"</b>	A "qualified institutional purchaser" within the meaning of Rule 144A;
<b>"Qualified Institution"</b>	A bank which is (i) a bank as defined for the purposes of Section 78 of the Income Taxes Act 2007 and which pays any relevant interest in the ordinary course of its business and (ii) the short-term

unsecured, unsubordinated and unguaranteed debt obligations of such bank are rated at least A-1 by S&P, P-1 by Moody's, and F1 by Fitch and the long-term unsecured, unsubordinated and unguaranteed debt obligations of such bank are rated at least A by Fitch;

"Qualified Institutional Buyer" or "qualified institutional buyer"	U.S. persons in a private transaction within the meaning of Rule 144A under the Securities Act;
"qualified stated interest"	The meaning given to such term on page 204;
"RAO"	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
"Rating Agencies"	Moody's, S&P and Fitch, and each a " <b>Rating Agency</b> ";
"Rating Agency Confirmation"	A confirmation in writing by each of the Rating Agencies that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter;
"RCB Regulations"	The meaning given on the cover page;
"RCB Sourcebook"	The FCA Regulated Covered Bonds Sourcebook;
"Receiptholders"	The holders of the Receipts;
"Receipts"	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 164;
"Receiver"	Any person or persons appointed (and any additional person or persons appointed or substituted pursuant thereto) by the Security Trustee as an administrative receiver, receiver, manager, or receiver and manager of the property charged or secured under the Deed of Charge;
"Record Date"	The meaning given in Condition 5 ( <i>Payments</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 180;
"Redeemed Covered Bonds"	The meaning given in Condition 6 ( <i>Redemption and Purchase</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 184;
"Reference Mortgage Reserve"	Any Mortgage Reserve whereby the beneficial interest of the associated Mortgage Loan in such Mortgage Account is held by the LLP pursuant to the terms of the Mortgage Reserve Originator Trust Deed, <b>provided however that</b> in the event the associated Mortgage Loan in such Mortgage Account, for any reason (including, without limitation, it being repurchased by the Seller in accordance with the Transaction Documents) no longer comprises part of the Mortgage Loan Portfolio, such Mortgage Reserve shall cease to be a Reference Mortgage Reserve with effect from the receipt by the LLP of the corresponding MRT Distribution from the Originator Trustee in accordance with the Mortgage Reserve Originator Trust Deed and shall be a Non-Reference Mortgage Reserve;
"Reference Mortgage Reserve Portfolio"	The Initial Reference Mortgage Reserve Portfolio and any Additional Reference Mortgage Reserve Portfolio;
"Register"	The register of holders of the Registered Covered Bonds maintained by the Registrar;

<b>"Registered Covered Bonds"</b>	Covered Bonds in registered form;
<b>"Registered Definitive Covered Bonds"</b>	Each Registered Covered Bond in definitive form issued or to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Trust Deed either on issue or in exchange for a Registered Global Covered Bond or part thereof (all as indicated in the applicable Final Terms), such Registered Covered Bond in definitive form being in the form or substantially in the form set out in Part 9 of Schedule 2 to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant stock exchange, incorporating the Conditions by reference (where applicable to the Trust Deed) as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and having a form of transfer endorsed thereon;
<b>"Registered Global Covered Bonds"</b>	The Rule 144A Global Covered Bonds together with the Regulation S Global Covered Bonds;
<b>"Registers of Scotland"</b>	The Land Register of Scotland and the General Register of Sasines;
<b>"Registrar"</b>	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 163;
<b>"Regulated Market of the London Stock Exchange" or "regulated market of the London Stock Exchange"</b>	A regulated market for the purposes of the Markets in Financial Investments Directive 2004/39/EC of the London Stock Exchange;
<b>"Regulated Mortgage Contract" or "Regulated Mortgage Contracts"</b>	The meaning given in " <i>Risk Factors – Regulation of the UK Residential Mortgage Market</i> " on page 35;
<b>"Regulation No. 11971"</b>	The CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time;
<b>"Regulation S"</b>	Regulation S under the Securities Act;
<b>"Regulation S Covered Bonds"</b>	The meaning given in " <i>Subscription and Sale and Transfer and Selling Restrictions</i> " on page 220;
<b>"Regulation S Global Covered Bond"</b>	The meaning given in " <i>Form of the Covered Bonds</i> " on page 160;
<b>"Regulations"</b>	The Financial Services (Distance Marketing) Regulations 2004;
<b>"Related Security"</b>	In relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Mortgage Loan Portfolio;
<b>"Relevant Date"</b>	The meaning given in Condition 7 ( <i>Taxation</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 187;
<b>"Relevant Dealers"</b>	In the case of an issue of Covered Bonds being (or intended to be) subscribed for by more than one Dealer, all the Dealers agreeing to subscribe for such Covered Bonds;
<b>"Relevant Final Terms"</b>	The Final Terms with respect to the series of Covered Bonds offered which accompany the Base Prospectus when delivered to the U.S.;
<b>"Relevant Implementation Date"</b>	The date on which the Prospectus Directive is implemented in that Relevant Member State;

<b>"Relevant Member State"</b>	Each Member State of the European Economic Area which has implemented the Prospectus Directive;
<b>"relevant Series of Covered Bonds"</b>	The meaning given for such term on page 21;
<b>"Repayment Mortgage Loans"</b>	The meaning given for such term on page 146;
<b>"Representations and Warranties"</b>	The representations and warranties set out in Schedule 1 ( <i>Representations and Warranties</i> ) of the Mortgage Sale Agreement;
<b>"Required Principal Outstanding Balance Amount"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 118;
<b>"Required Redemption Amount"</b>	The amount calculated as the product of the Principal Amount Outstanding of the relevant Series of Covered Bonds <i>multiplied by</i> (1 + Negative Carry Factor <i>multiplied by</i> (days to maturity of the relevant Series of Covered Bonds/365));
<b>"Reserve Fund"</b>	The reserve fund that the LLP will be required to establish in the GIC Account which will be credited with part of a Term Advance (in the LLP's discretion) and the proceeds of Available Revenue Receipts up to an amount equal to the Reserve Fund Required Amount;
<b>"Reserve Fund Required Amount"</b>	<p>If:</p> <ul style="list-style-type: none"> <li>(a) the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&amp;P, F1+ by Fitch (where the Issuer's long-term unsecured debt obligations are rated at least A by Fitch) and P-1 by Moody's, nil or such other amount as BBUKPLC shall direct the LLP from time to time;</li> <li>(b) the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated below A-1+ by S&amp;P, F1+ by Fitch (but not below F1 and where the Issuer's long-term unsecured debt obligations are rated at least A by Fitch) or P-1 by Moody's, an amount equal to the Sterling Equivalent of one month's then scheduled interest due on each Series of Covered Bonds, together with an amount equal to one-twelfth of the anticipated aggregate annual amount payable in respect of the items specified in items (ii) to (iii) of the Pre-Acceleration Revenue Priority of Payments plus £600,000; or</li> <li>(c) the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated below F1 by Fitch, or if the Issuer's long-term unsecured debt obligations are rated below A by Fitch, an amount equal to the Sterling Equivalent of three months' then scheduled interest due on each Series of Covered Bonds, together with an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in items (ii) to (iii) of the Pre-Acceleration Revenue Priority of Payments plus £600,000;</li> </ul>
<b>"Reserve Ledger"</b>	The monthly ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record the crediting of Revenue Receipts to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the LLP Deed;
<b>"Reset Date"</b>	The meaning given in the ISDA Definitions;
<b>"Resident of Japan"</b>	Any person resident in Japan as defined under Item 5, Paragraph 1,

	Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended);
"Revenue Ledger"	The monthly ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record credits and debits of Revenue Receipts in accordance with the terms of the LLP Deed;
"Revenue Receipts"	Any Mortgages Loan Revenue Receipts and/or MRT Revenue Receipts, as the case may be;
"resolution regime"	A regime provided by the UK Banking Act which allows the Bank of England (or, in certain circumstances, UK HM Treasury) to resolve failing banks in the UK, in consultation with the PRA, the FCA and UK Treasury, as appropriate;
"restricted securities"	The meaning given to such term under Rule 144(a)(3) of the Securities Act;
"Rule 144A"	Rule 144A under the Securities Act;
"Rule 144A Global Covered Bond"	A Global Covered Bond in registered form representing the Registered Covered Bonds of a Tranche sold to QIBs pursuant to Rule 144A;
"Rules"	The rules, regulations and procedures creating and affecting DTC and its operations;
"S&P"	S&P Global Ratings, a division of S&P Global Inc.;
"S&P Pre-Maturity Trigger"	The meaning given in " <i>Credit Structure – Pre-Maturity Liquidity</i> " on page 133;
"Sale" or "sale"	The transaction pursuant to which BCI and other companies in the Barclays Group acquired most of the assets of LBI;
"Sale Proceeds"	The cash proceeds realised from the sale of Selected Mortgage Loans and their Related Security;
"Scheduled Interest"	An amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in Condition 4 ( <i>Interest</i> ) (but excluding any additional amounts relating to premiums, default interest or interest upon interest (" <b>Excluded Scheduled Interest Amounts</b> ") payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date and, if the Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date), less additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 ( <i>Taxation</i> );
"Scheduled Payment Date"	In relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date;
"Scheduled Principal"	An amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Conditions 6(a) ( <i>Final redemption</i> ) and 6(d)



(*Redemption due to illegality*) (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest ("**Excluded Scheduled Principal Amounts**") payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date and, if the Final Terms specifies that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date;

<b>"Scottish Additional Reference Mortgage Reserve Portfolio"</b>	Any portfolio of Mortgage Reserves associated with any New Scottish Mortgage Loan Portfolio sold and assigned to the LLP following the MRT Establishment Date pursuant to the terms of the Mortgage Sale Agreement;
<b>"Scottish Declaration of Trust"</b>	Each declaration of trust made pursuant to the Mortgage Sale Agreement in respect of the Scottish Trust Property and the Scottish Reference Mortgage Reserve Portfolio;
<b>"Scottish Mortgage"</b>	A first ranking standard security over a residential property in Scotland;
<b>"Scottish Mortgage Loans"</b>	Mortgage Loans secured by Scottish Mortgages;
<b>"Scottish Reference Mortgage Reserve"</b>	Any Mortgage Reserve linked to a Scottish Mortgage Loan which is sold to the LLP pursuant to the Mortgage Sale Agreement and forms part of the then Mortgage Loan Portfolio;
<b>"Scottish Reference Mortgage Reserve Portfolio"</b>	Each portfolio of Scottish Reference Mortgage Reserves specified in a Scottish Declaration of Trust;
<b>"Scottish Supplemental Charge"</b>	Each supplemental assignment in security governed by Scots law granted by the LLP in favour of the Security Trustee pursuant to the Deed of Charge;
<b>"Scottish Trust Property"</b>	The meaning specified in each Scottish Declaration of Trust;
<b>"SEC"</b>	The U.S. Securities and Exchange Commission;
<b>"Secured Creditors"</b>	The Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Bond Trustee (in its own capacity and on behalf of the holders of the Covered Bonds), the holders of the Covered Bonds, the Receiptholders, the Couponholders, the Issuer, the Seller, the Originator Trustee, the Administrator, the Account Bank, the GIC Provider, the Cash Manager, the Swap Providers, the Corporate Services Provider, the Swap Collateral Cash Account Bank, the Standby Account Bank, the Securities Custodian, the Agents and any other person which becomes a Secured Creditor pursuant to the Deed of Charge;
<b>"Securities Act"</b>	The U.S. Securities Act of 1933, as amended;
<b>"Securities Custodian"</b>	The Bank of New York Mellon, London Branch in its capacity as securities custodian in respect of the Custody Account pursuant to the Custody Agreement;
<b>"Security"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 128;
<b>"Security Trustee"</b>	Citicorp Trustee Company Limited in its capacity as security trustee under the Trust Deed and the Deed of Charge, together with any successor security trustee appointed from time to time;
<b>"Selected Mortgage Accounts"</b>	Mortgage Accounts and their Related Security to be sold by the LLP (in the case of the Selected Mortgage Loans) and the Originator

	Trustee (in the case of the related Reference Mortgage Reserves) pursuant to the terms of the LLP Deed;
<b>"Selected Mortgage Loans"</b>	Mortgage Loans and their Related Security forming part of the Selected Mortgage Accounts to be sold by the LLP;
<b>"Selected Mortgage Loans Offer Notice"</b>	A notice from the LLP and the Originator Trustee served on the Seller offering to sell Selected Mortgage Accounts and their Related Security in accordance with the Mortgage Sale Agreement;
<b>"Selected Mortgage Loans Repurchase Notice"</b>	A notice from the Seller served on the LLP and the Originator Trustee accepting an offer set out in a Selected Mortgage Loans Offer Notice;
<b>"Selection Date"</b>	The meaning given in Condition 6 ( <i>Redemption and Purchase</i> ) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 184;
<b>"Seller"</b>	Barclays Bank UK PLC in its capacity as seller pursuant to the Mortgage Sale Agreement or, where the context so requires, Barclays Bank PLC in its capacity as seller pursuant to the Mortgage Sale Agreement prior to the RFTS Effective Date;
<b>"Seller Mortgage Reserve Capital Contribution"</b>	The meaning given in " <i>Summary of the Principal Documents</i> " on page 101;
<b>"Seller's Policy"</b>	The originating, lending and underwriting, administration, arrears and enforcement policies and procedures which are applied from time to time by the Seller to Mortgage Loans and the Related Security for their repayment which are beneficially owned solely by the Seller and which may be amended by the Seller from time to time;
<b>"Series"</b>	A Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
<b>"Series Reserved Matter"</b>	In relation to Covered Bonds of a Series: <ul style="list-style-type: none"> <li>(a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds;</li> <li>(b) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made;</li> <li>(c) alteration of the majority required to pass an Extraordinary Resolution;</li> <li>(d) any amendment to the Covered Bond Guarantee or the Deed of Charge (except in a manner determined by the Bond Trustee not to be materially prejudicial to the interests of the holders of Covered Bonds of any Series);</li> </ul>

- (e) except in accordance with Condition 6(h) (*Cancellation*) or 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), the sanctioning of any such 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 holders of Covered Bonds 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
- (f) alteration of the proviso to paragraph 5 or paragraph 6 of Schedule 4 to the Trust Deed;

<b>"Share Trustee"</b>	Intertrust Corporate Services having its registered office at 35 St. Helen's, London EC3A 6AP;
<b>"short-term Covered Bond"</b>	The meaning given to such term on page 205;
<b>"Similar Law"</b>	U.S. federal, state, local or non-U.S. laws or regulations that are substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code;
<b>"small"</b>	The meaning given to such term on page 36;
<b>"Specified Currency"</b>	Subject to any applicable legal or regulatory restrictions, euro, Sterling, U.S. Dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms;
<b>"Specified Denomination"</b>	In respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the applicable Final Terms;
<b>"Specified Interest Payment Date"</b>	The meaning given in the applicable Final Terms;
<b>"Standard Variable Rate Mortgage Loans"</b>	Mortgage Loans which track and are subject to the Barclays Standard Variable Rate for the life of the Mortgage Loan;
<b>"Standby Account Bank"</b>	The Account Bank;
<b>"Standby Account Bank Agreement"</b>	The Account Bank Agreement;
<b>"Standby CHF Transaction Account"</b>	The CHF account designated as such in the name of the LLP held with the Standby Account Bank and maintained subject to the terms of the Standby Account Bank Agreement;
<b>"Standby Euro Transaction Account"</b>	The Euro account designated as such in the name of the LLP held with the Standby Account Bank and maintained subject to the terms of the Standby Account Bank Agreement;
<b>"Standby GIC Account"</b>	The account designated as such in the name of the LLP held with the Standby Account Bank and maintained subject to the terms of the Standby Account Bank Agreement;

<b>"Standby LLP Accounts"</b>	The Standby Euro Transaction Account, the Standby USD Transaction Account, the Standby CHF Transaction Account and the Standby GIC Account;
<b>"Standby USD Transaction Account"</b>	The USD account designated as such in the name of the LLP held with the Standby Account Bank and maintained subject to the terms of the Standby Account Bank Agreement;
<b>"Sterling Equivalent"</b>	In relation to an amount which is denominated in (a) a currency other than Sterling, the Sterling equivalent of such amount ascertained using the relevant Swap Rate and (b) Sterling, the applicable amount in Sterling;
<b>"Sterling/FRN"</b>	As specified in the relevant Final Terms;
<b>"sub-unit"</b>	With respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, €0.01;
<b>"Subsidiary"</b>	In relation to any person (the " <b>First Person</b> ") at any particular time, any other person (the " <b>Second Person</b> "): <ul style="list-style-type: none"> <li>(a) whose affairs and policies the First Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the Second Person or otherwise; or</li> <li>(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the First Person;</li> </ul>
<b>"Substitution Assets"</b>	Each of: <ul style="list-style-type: none"> <li>(a) Sterling gilt-edged securities and other UK government or public securities;</li> <li>(b) Sterling demand or time deposits, certificates of deposit, long-term debt obligations, and short-term debt obligations, <b>provided that</b> in all cases such investments have a remaining period to maturity of one year or less and the short-term unsecured, unguaranteed and unsubordinated debt obligations or, as applicable, the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated P-1/Aa3 by Moody's, A-1+/AA- by S&amp;P and F1+ by Fitch or their equivalents by three other internationally recognised rating agencies; and</li> <li>(c) Sterling-denominated government and public securities, as defined from time to time in accordance with the RCB Regulations, provided that such investments have a remaining period to maturity of one year or less and which are rated at least Aaa by Moody's, AAA by S&amp;P and F1+ by Fitch or their equivalents by three other internationally recognised rating agencies,</li> </ul> <p><b>provided that</b> any such substitution asset satisfies the requirements for eligible assets that may collateralise covered bonds in accordance with Regulation 2(1A) (Eligible Property) of the RCB Regulations;</p>
<b>"Swap Agreement Credit Support Document"</b>	Each credit support document entered into between the LLP and a Swap Provider in the form of the ISDA 1995 Credit Support Annex (Transfer-English law);
<b>"Swap Agreements"</b>	Each agreement between the LLP, a Swap Provider and the Security Trustee governing Swaps entered into with such Swap Provider in

	the form of an ISDA Master Agreement, including a schedule, any relevant Swap Agreement Credit Support Document and confirmations, and each a <b>"Swap Agreement"</b> ;
<b>"Swap Collateral"</b>	At any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Provider to the LLP as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement, together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;
<b>"Swap Collateral Account Bank"</b>	The Swap Collateral Cash Account Bank and any Swap Collateral Custody Account Bank;
<b>"Swap Collateral Accounts"</b>	The Swap Collateral Cash Account Accounts and the Swap Collateral Custody Accounts;
<b>"Swap Collateral Cash Account Bank"</b>	Wells Fargo Bank, N.A., London Branch in its capacity as swap collateral account bank in respect of the Swap Collateral Cash Accounts pursuant to the Swap Collateral Cash Accounts pursuant to the Swap Collateral Cash Account Bank Agreement;
<b>"Swap Collateral Cash Accounts" or "Swap Collateral Cash Account"</b>	The cash accounts in the name of the LLP held with the Swap Collateral Cash Account Bank and maintained subject to the terms of the Swap Collateral Cash Account Bank Agreement and the relevant Swap Agreement Credit Support Document into which cash is deposited by a Swap Provider as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement;
<b>"Swap Collateral Custody Accounts" or "Swap Collateral Custody Account"</b>	Any custody accounts in the name of the LLP held with a Swap Collateral Custody Account Bank and maintained subject to the terms of a Swap Collateral Custody Account Bank Agreement and the relevant Swap Agreement Credit Support Document into which securities are deposited by a Swap Provider as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement;
<b>"Swap Collateral Excluded Amounts"</b>	At any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the LLP, including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement;
<b>"Swap Provider Default"</b>	The occurrence of an Event of Default or Termination Event (each as defined in each of the Swap Agreements) where the relevant Swap Provider is the Defaulting Party (as defined in relevant Swap Agreement), as applicable, other than a Swap Provider Downgrade Event;
<b>"Swap Provider Downgrade Event"</b>	The occurrence of an Additional Termination Event or an Event of Default (each as defined in the relevant Swap Agreement) following a failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement;
<b>"Swap Providers"</b>	The TRS Provider and the Covered Bond Swap Provider, and each a <b>"Swap Provider"</b> ;
<b>"Swap Rate"</b>	In relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in the Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if the Swap Agreement has terminated, the applicable spot rate;

<b>"Swaps"</b>	The TRS together with the Covered Bond Swap;
<b>"Talons"</b>	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 164;
<b>"TARGET Settlement Day"</b>	Any day on which TARGET2 is open for the settlement of payments in euro;
<b>"TARGET2"</b>	The Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;
<b>"Temporary Global Covered Bond"</b>	The meaning given in " <i>Form of the Covered Bonds</i> " on page 159;
<b>"Term Advance"</b>	Each term advance made by the Issuer to the LLP from the proceeds of Covered Bonds pursuant to the Intercompany Loan Agreement;
<b>"Third Party Amounts"</b>	<p>Each of:</p> <ul style="list-style-type: none"> <li>(a) payments of insurance premiums, if any, due to the Seller in respect of any Seller arranged insurance policy to the extent not paid or payable by the Seller (or to the extent such insurance premiums have been paid by the Seller in respect of any Further Advance which is not purchased by the Seller to reimburse the Seller);</li> <li>(b) amounts under an unpaid direct debit which are repaid by the Seller to the bank making such payment if such bank is unable to recoup that amount itself from its customer's account;</li> <li>(c) payments by the Borrower of any fees (including any Early Repayment Charge) and other charges which are due to the Seller; and</li> <li>(d) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower or the Seller or the LLP any amounts due or arising from any overpayment by any person or arising from any reimbursement by any person of any such overpayment (including, for the avoidance of doubt, where arising from the failure of a direct debit);</li> <li>(e) (subject to any right to refuse or withhold payment or of set-off that has arisen by reason of the Borrower's breach of the terms of the relevant Mortgage or Mortgage Loan) any amount payable to a Borrower under the terms of the Mortgage or the Mortgage Loan to which that Borrower is a party (other than a Further Advance);</li> <li>(f) any amounts owed to the Seller pursuant to Clause 8 (<i>Trust of Monies</i>) of the Mortgage Sale Agreement; and</li> <li>(g) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower or the Seller or the LLP,</li> </ul> <p>which amounts may be paid daily from moneys on deposit in the GIC Account;</p>
<b>"Title Deeds"</b>	In relation to each Mortgage Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents, whether stored in paper or electronic format, which make up the title to the Property and the security for the Mortgage Loan and all

	searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage;
<b>"Tracker Rate Mortgage Loans"</b>	Mortgage Loans which track and are subject to a rate linked to the the Bank of England's base rate for the life of the Mortgage Loan;
<b>"Tranche" or "Tranches"</b>	Covered Bonds which are identical in all respects;
<b>"Transaction Accounts"</b>	The Euro Transaction Account, U.S. Dollar Transaction Account and the CHF Transaction Account and such other accounts as may for the time being be in place with the prior consent of the Security Trustee and designated as such;
<b>"Transaction Documents"</b>	Collectively: <ul style="list-style-type: none"> <li>(a) Mortgage Sale Agreement;</li> <li>(b) each Scottish Declaration of Trust;</li> <li>(c) Mortgage Reserve Originator Trust Deed;</li> <li>(d) LLP Deed of Covenant;</li> <li>(e) Administration Agreement;</li> <li>(f) Asset Monitor Agreement;</li> <li>(g) Asset Pool Monitor Agreement;</li> <li>(h) Intercompany Loan Agreement;</li> <li>(i) LLP Deed;</li> <li>(j) Cash Management Agreement;</li> <li>(k) Swap Agreements;</li> <li>(l) Account Bank Agreement;</li> <li>(m) Standby Account Bank Agreement;</li> <li>(n) Swap Collateral Cash Account Bank Agreement;</li> <li>(o) Custody Agreement;</li> <li>(p) Corporate Services Agreement;</li> <li>(q) Deed of Charge (and any documents entered into pursuant to the Deed of Charge, including, without limitation, each Scottish Supplemental Charge);</li> <li>(r) Trust Deed;</li> <li>(s) Agency Agreement;</li> <li>(t) Programme Agreement;</li> <li>(u) each set of Final Terms;</li> <li>(v) each Subscription Agreement (as applicable in the case of each Tranche of listed Covered Bonds subscribed pursuant to a subscription agreement);</li> <li>(w) Master Definitions Schedule; and</li> <li>(x) any other agreement entered into by the LLP with the prior written consent of the Security Trustee and designated as a Transaction Document;</li> </ul>
<b>"Transfer Agent" or "Transfer Agents"</b>	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 163;
<b>"Transfer Certificate"</b>	The meaning given in Condition 2(e) ( <i>Transfers of interests in Regulation S Global Covered Bonds</i> ) in <i>"Terms and Conditions of</i>

*the Covered Bonds*" on page 167;

"Transfer Date"	The date on which the Seller, subject to the fulfilment of certain conditions, agrees to sell and assign a New Loan Portfolio to the LLP in accordance with the Mortgage Sale Agreement;
"TRS"	The total return swap transaction(s) entered into between the LLP and the TRS Provider;
"TRS Provider"	Barclays, in its capacity as total return swap provider under the TRS together with any successor thereto;
"TRS Provider Notional Amount"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 124;
"TRS Rate"	The Sterling amount that the TRS Provider will pay to the LLP under the TRS Agreement in respect of each corresponding LLP Payment Period calculated by reference to the TRS Provider Notional Amount and one-month LIBOR plus a margin;
"Trust Deed"	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 163;
"Trustee"	SIPA Trustee for Lehman Brothers Inc.;
"U.S. Holder"	As used herein, the term " <b>U.S. Holder</b> " means a beneficial owner of a Covered Bond that is for U.S. federal income tax purposes:  (a) a citizen or individual resident of the United States;  (b) a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia;  (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or  (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or if it has validly elected to be treated as a "U.S. person" for U.S. federal income tax purposes.  The term " <b>Non-U.S. Holder</b> " means a beneficial owner of a Covered Bond that is not a partnership or a U.S. Holder. If an entity that is classified as a partnership for U.S. federal income tax purposes holds Covered Bonds, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Covered Bonds should consult with their tax advisors regarding the U.S. federal tax consequences of an investment in the Covered Bonds;
"UCITS Directive"	EU Directive (2009/65/EC) on undertakings for collective investment in transferable securities, as amended;
"UK Banking Act"	The UK Banking Act 2009;
"UK Listing Authority"	The UK Listing Authority, which is the FCA in its capacity as competent authority under the Financial Services and Markets Act 2000 (the " <b>UK Listing Authority</b> ");
"UK Treasury"	The UK HM Treasury;
"Unfair Practices Directive"	The EU directive on unfair business-to-consumer commercial



	practices (2005/29/EC);
<b>"United Kingdom" and "UK"</b>	Abbreviated references to the United Kingdom of Great Britain and Northern Ireland;
<b>"United States" and "U.S."</b>	Abbreviated references to the United States of America;
<b>"U.S. Dollar LIBOR"</b>	LIBOR for U.S. dollars;
<b>"U.S. Dollar Transaction Account"</b>	The U.S. Dollar account designated as such in the name of the LLP held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the Deed of Charge;
<b>"UTCCR"</b>	Unfair Terms in Consumer Contracts Regulations 1999 and the Unfair Terms in Consumer Contracts Regulations 1994 as amended;
<b>"Valuation Report"</b>	The valuation report or reports for mortgage purposes, in the form of the Seller's in-house valuation department or from an independent firm of professional valuers selected from a panel of approved valuers by the Seller or carried out by the Seller in accordance with its valuation policies at the time of origination;
<b>"variable rate debt Covered Bonds"</b>	The meaning given to such term on page 206;
<b>"Withdrawal Date"</b>	The date on which the United Kingdom exits the European Union;
<b>"Y1"</b>	The year, expressed as a number, in which the first day of the Accrual Period falls;
<b>"Y2"</b>	The year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;
<b>"Yield Shortfall Test"</b>	The meaning given to such term on page 109; and
<b>"Zero Coupon Covered Bonds"</b>	Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest.

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