

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 UNITED STATES 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 Arranger (as defined below), the relevant Dealer(s) (as defined below) nor any person which 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 such alterations or changes in respect of the Base Prospectus distributed to you in electronic format on request from Barclays Bank UK PLC, Barclays Covered Bonds LLP, the Arranger 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)

Programme	<p>Under this €35 billion covered bond programme (the "Programme"), Barclays Bank UK PLC (the "Issuer" or "Barclays Bank UK PLC" or "BBUKPLC") may from time to time issue bonds (the "Covered Bonds") 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 "Ring Fencing Transfer Scheme"), 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 "RFTS Effective Date"). References in this Base Prospectus to "Issuer" shall be construed accordingly.</p>
Final Terms and Drawdown Prospectus	<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 "Conditions") (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 "Final Terms") or in a separate prospectus specific to such Series (a "Drawdown Prospectus"). 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. The Issuer confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.</p>
Regulated Covered Bonds	<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 "RCB Regulations"). 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>
Guarantee	<p>The Issuer is expected to make payments of principal and interest due on the Covered Bonds. However, Barclays Covered Bonds LLP (the "LLP") 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>
Dual Recourse	<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>

Underlying Assets	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 originated and/or acquired, prior to the RFTS Effective Date, by 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 141 for more information.
Redemption Provisions	Information on any optional and mandatory redemption of the Covered Bonds is summarised on page 55 (<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.
Rating Agencies	<p>The rating of certain Series of Covered Bonds to be issued under the Programme will be specified in the applicable Final Terms. The credit ratings included and referred to in this Base Prospectus have been issued by S&P Global Ratings UK Limited ("S&P") Fitch Ratings Limited ("Fitch") and/or Moody's Investors Service Ltd ("Moody's") each of which is a credit rating agency established in the United Kingdom and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (the "UK CRA Regulation"). Each of S&P, Fitch and Moody's are included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. The ratings issued by S&P, Fitch and Moody's have been endorsed by S&P Global Ratings Europe Limited, Fitch Ratings Ireland Limited and Moody's Deutschland GmbH respectively in accordance with Regulation (EC) 1060/2009 (as amended) (the "EU CRA Regulation"). Each of S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the European Union and registered under the EU CRA Regulation. As such, each of S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the EU CRA Regulation. In general, European regulated investors are restricted under the EU CRA Regulation from using a rating for regulatory purposes, unless such rating is issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the EU CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended). Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.</p>
Ratings	<p>Covered Bonds to be issued under the Programme are expected to be rated "AAA" by S&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 UK CRA Regulation, will be disclosed in the Final Terms. For more information see "<i>Risk Factors – Risks Relating to the Covered Bonds</i>" in this Base Prospectus.</p> <p>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.</p>
Listing	<p>This Base Prospectus (the "Base Prospectus") has been approved as a base prospectus by the Financial Conduct Authority (the "FCA") as competent authority under Regulation (EU) 2017/1129 as amended and as it forms part of the UK domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer, the LLP, or the quality of the Covered Bonds that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.</p> <p>Application has been made to the FCA for 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 FCA (the "Official List") and to the main market of the London Stock Exchange plc (the "London Stock Exchange"). The main market of London Stock Exchange is a "UK regulated market" for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as amended and as it forms part of the UK domestic law by virtue of the EUWA ("UK MiFIR") (the "main market of the London Stock Exchange"). 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 main market of the London Stock Exchange constitutes official listing on the London Stock Exchange. References in this Base Prospectus to Covered Bonds being "listed" (and all related references) shall mean that such Covered Bonds have been admitted to trading on the main 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 FCA and the London Stock Exchange on or before the date of issue of such Tranche of Covered Bonds.</p> <p>This Base Prospectus is valid for 12 months from its date in relation to Covered Bonds which are to be admitted to trading on a "UK regulated market" for the purposes of UK MiFIR. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.</p>
U.S. Securities Act	<p>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 "Securities Act"), 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 ("Rule 144A") to a person that the holder and any person acting on its behalf reasonably believe is a "qualified institutional buyer" (as defined in Rule 144A) (each a "QIB") 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 ("Regulation S"); (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.</p>
Clearing Systems	<p>Euroclear Bank SA/NV/Clearstream Banking, SA/The Depository Trust Company as indicated in the relevant Final Terms.</p>
Benchmark Regulation	<p>Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain reference rates, which may constitute a benchmark under Regulation (EU) 2016/1011, as amended and as it forms part of the UK domestic law by virtue of the EUWA (the "UK Benchmark Regulation"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the administrator thereof is included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK Benchmark Regulation. Not every reference rate will fall within the scope of the UK Benchmark Regulation. Furthermore, transitional provisions in the UK Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the UK Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Final Terms to reflect any change in the registration status of any administrator.</p>

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.

Arranger

Barclays Bank PLC

Dealers

Barclays Bank PLC and Barclays Bank Ireland PLC

29 February 2024

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 of each of the Issuer and the LLP the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import. 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 is aware and is 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 FCA as a base prospectus for the purposes of the UK Prospectus Regulation and has been published in compliance with the prospectus rules made by the FCA 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 "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as amended and as it forms part of the UK domestic law by virtue of the EUWA.

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 main 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>. The information set out on the website and the contents thereof do not form part of this Base Prospectus.

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.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*" below), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the FCA.

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 Arranger, 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 Arranger, 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, any other information provided by the Issuer, the Seller and the LLP in connection with the Programme or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof; or (ii) any other statement made or proposed to be made by any of the Arranger, 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 Arranger, 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 Arranger, 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 Arranger, 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 Arranger, 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 Arranger, 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 Arranger, 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 Arranger, 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 Regulation 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 FCA has neither approved nor reviewed information contained in this Base Prospectus in connection with any N Covered Bonds.

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 for the account or benefit of 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 – Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", 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 which 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 2016/97 (as amended or superseded, the "**EU Insurance Distribution 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 Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). 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 the Covered Bonds 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.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS - Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation

(EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET – The Final Terms in respect of any Covered Bonds may 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 as amended (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 Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET - The Final Terms in respect of any Covered Bonds will include a legend entitled "**UK MiFIR 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the 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 UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise none of the Arranger, the Dealers and any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR 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 Arranger, 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 Arranger, 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 for these purposes includes the United Kingdom and each a "**Relevant State**") will be made pursuant to an exemption under the UK Prospectus Regulation 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 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 under which no obligation arises for the Issuer or the relevant Dealer to publish a prospectus pursuant to the Prospectus Regulation or supplement pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. None of the Issuer, the LLP, the Arranger, 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 Arranger, the Dealer(s), the Bond Trustee or the Security Trustee to publish or supplement a prospectus for such offer.

- (a) 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:
- (b) 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;
- (c) 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;
- (d) 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;
- (e) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (f) 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 and 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 of regulated covered bonds and the Programme was admitted to the register of regulated covered bonds on 11 November 2008. The FCA admitted the Issuer to the register of issuers of regulated covered bonds on 4 April 2018.

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 Arranger, 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 required to make, or 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, that 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 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. 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, business strategy, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including policy on dividends and share buybacks), return on tangible equity, projected levels of growth in banking and financial markets, industry trends, , any commitments and targets, (including environmental, social and governance (ESG) commitments and targets) plans and objectives for future operations and other statements that are not historical or current facts.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulations, governmental and regulatory policies, expectations and actions, voluntary codes of practices and the interpretation thereof, changes in International Financial Reporting Standards and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards, the outcome of current and future legal proceedings

and regulatory investigations; the BBUKPLC Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents, pandemics and similar events beyond the BBUKPLC Group's control; the impact of competition in the banking and financial services industry. capital liquidity, leverage and other regulatory rules and requirements applicable to past, current and future periods; macroeconomic and business conditions, including inflation, in the UK and in any systemically important economy which impacts the UK; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; reforms to benchmark interest rates and indices; higher or lower asset valuations; changes in credit ratings of any entity within the BBUKPLC Group or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the conflicts in Ukraine and the Middle East on European and global macroeconomic conditions, political stability and financial markets; political elections; developments in the UK's relationship with the European Union ("EU"); the risk of cyberattacks, information or security breaches or technology failures or other operational disruptions and any subsequent impacts on the BBUKPLC Group's reputation, business or operations; the BBUKPLC Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the BBUKPLC Group's control. As a result, the BBUKPLC Group's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the BBUKPLC Group's forward-looking statements.

Additional risks and factors which may impact the BBUKPLC Group's future financial condition and performance are identified in the description of material existing and emerging risks beginning on page 40 of BBUKPLC Group's 2023 Annual Report, which is available on [barclays.com](https://www.barclays.com). Subject to the BBUKPLC Group's obligations under the applicable laws and regulations of any relevant jurisdiction (including, without the limitation, the UK) 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.

None of the Arranger, 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".

Issuer:	Barclays Bank UK PLC
Guarantor:	Barclays Covered Bonds LLP (the "LLP" or "Guarantor")
Regulated Covered Bonds:	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
Nature of eligible property:	Residential Mortgage Loans and their Related Security, Substitution Assets and Authorised Investments
Location of eligible residential property underlying Mortgages:	England, Wales, Northern Ireland and Scotland
Maximum Loan to Value Ratio given credit under the Asset Coverage Test:	75 per cent.
Maximum Asset Percentage:	94 per cent.
Asset Coverage Test:	See page 108
Statutory minimum over-collateralisation:	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
Statutory interest cover test:	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
Amortisation Test:	See page 111
Reserve Fund:	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)
Extendable Maturities:	Available
Hard Bullet Maturities:	Available
Asset Monitor:	PricewaterhouseCoopers LLP
Asset Pool Monitor:	KPMG LLP
Asset Segregation:	Yes
N Covered Bond (Namensschuldverschreibung):	Available

Single/Multi-Asset Pool designation:

Single Asset Pool, consisting of residential mortgage loans and liquid assets

Substitution Assets:

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) pages 46 to 58 (inclusive) and 151 to 234 (inclusive) of the Annual Report of the Issuer containing, respectively, the section entitled "*Risk review –Material existing and emerging risks*" and the audited consolidated financial statements and notes of the Issuer and the independent auditor's report thereon in respect of the financial year ended 31 December 2023 (the "**2023 Annual Report**");
- (b) pages 140 to 225 (inclusive) of the Annual Report of the Issuer containing the audited consolidated financial statements and notes of the Issuer and the independent auditor's report thereon in respect of the financial year ended 31 December 2022 (the "**2022 Annual Report**");
- (c) the members' report and audited financial statements of Barclays Covered Bonds LLP in respect of the year ended 31 December 2022 and in respect of the year ended 31 December 2021; 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*", 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 terms and conditions set out on pages 163 to 200 of the Base Prospectus dated 7 May 2019 under the heading "*Terms and Conditions of the Covered Bonds*" and the terms and conditions set out on pages 163 to 209 of the Base Prospectus dated 10 August 2022 under the heading "*Terms and Conditions of the Covered Bonds*".

The above documents may be inspected as described in paragraph 12 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 the Prospectus Regulation 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.

The documents listed above under (i) paragraphs (a) to (b) above are available at <http://www.barclays.com/barclays-investor-relations/results-and-reports/annual-reports.html>, (ii) paragraph (c) above are available at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and (iii) paragraph (d) above are available at <https://home.barclays/investor-relations/covered-bonds/#programme%20documentation>. 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 consolidated financial statements of the Issuer incorporated by reference above into the 2023 Annual Report and 2022 Annual Report have been prepared (a) in accordance with UK-adopted international accounting standards, and (b) in accordance with the requirements of the Companies Act 2006 as applicable to companies using IFRS as issued by the International Accounting Standards Board, including interpretations issued by the IFRS Interpretations Committee. A summary of the significant accounting policies for the Issuer are included in the 2023 Annual Report and 2022 Annual Report

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 Article 23 of the UK Prospectus Regulation, 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 main 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

The Issuer and the LLP believe that the following factors may affect their ability to fulfil their respective obligations under the Covered Bonds.

This section describes the principal risk factors associated with an investment in the Covered Bonds. Any investment in the Covered Bonds is subject to a number of risks. Prior to investing in the Covered Bonds, prospective investors should carefully consider risk factors associated with any investment in the Covered Bonds, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including in particular the risk factors described below, before making any investment decision. Words and expressions defined in the "Terms and Conditions of the Covered Bonds" section or elsewhere in this Base Prospectus have the same meanings in this section. Prospective investors should note that the following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Covered Bonds. The Issuer has described only those risks relating to its ability to fulfil its obligations under the Covered Bonds that it considers to be material. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial may individually or cumulatively also have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer and the BBUKPLC Group and if any such risk should occur, the price of the Covered Bonds may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Covered Bonds is suitable for them in light of the information in this Base Prospectus and their particular circumstances.

1. RISKS RELATING TO THE ISSUER AND THE BBUKPLC GROUP

Risk factors incorporated by reference. For risks relating to the Issuer and the BBUKPLC Group and their impact, see the section entitled "Risk review - Material existing and emerging risks" on pages 46 - 58 (inclusive) of the 2023 Annual Report (as defined above), which is incorporated by reference herein. In particular, investors should be aware that payments and return of initial investment in relation to the Covered Bonds, together with the factors outlined below, depend on the solvency of the Issuer.

2. RISKS RELATING TO THE COVERED BONDS

Finite resources are available to the LLP 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, to 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, the Charged Property may not be sufficient to meet the claims of all the Secured Creditors, including the holders of the Covered Bonds.

However, the Secured Creditors may still have an unsecured claim against the Issuer for the shortfall, but there is no assurance that the Issuer will have sufficient funds to pay that shortfall.

Covered Bondholders should note that the Asset Coverage Test has been structured to ensure 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, which should reduce the risk of there ever being a shortfall (although there is no assurance of this – 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 of ensuring 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 while the Covered Bonds are outstanding). However, no assurance can be given that the Asset Pool will yield sufficient amounts for such purpose.

LLP only obliged to pay Guaranteed Amounts when the same 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 to the Covered Bondholders as a consequence of such withholding or deduction. The attention of potential Covered Bondholders is drawn to the paragraph headed "*Payments by the LLP*" in the section entitled "*United Kingdom Taxation*" below. 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 any additional amounts payable by the Issuer under Condition 7 (*Taxation*)), although in such circumstances the LLP will not be obliged to gross up in respect of any withholding or deduction which may be required in respect of any payment which it makes under the Covered Bond Guarantee. 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.

Differences in timings of obligations of the LLP and the Covered Bond Swap Providers under the Covered Bond Swaps and other hedging mismatches in certain circumstances. With respect to the Covered Bond Swaps, the LLP will pay a monthly amount, on each LLP Payment Date, to each Covered Bond Swap Provider based on an agreed floating rate. Each 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). If a 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 larger shortfall in funds with which to make payments under the Covered Bond

Guarantee with respect to the Covered Bonds than if the Covered Bond Swap Provider's payment obligations coincided with the LLP's payment obligations under the Covered Bond Guarantee. Hence, 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.

In addition to the above, although the LLP has entered into the TRS Agreement and Covered Bond Swap Agreements to hedge itself against basis risk, interest rate risk and/or currency risk, the LLP may not in all cases be perfectly hedged against the relevant risk due to differences in the frequency of payment dates, reference rate used and/or the date on which such reference rate is reset (in each case under the relevant swap) relative to that which the LLP is hedging against.

Covered Bonds where denominations involve integral multiples: definitive Covered Bonds. In relation to any issue of Covered Bonds that have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Covered Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Covered Bondholder who, as a result of trading such amounts, holds an amount which (after deducting integral multiples of such minimum Specified Denomination) is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Covered Bond in respect of such holding (should definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds such that its holding amounts to a Specified Denomination. If definitive Covered Bonds are issued, Covered Bondholders should be aware that definitive Covered Bonds that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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. However, the obligations of the LLP under the Covered Bond Guarantee are unconditional and irrevocable (following service on the LLP of a Notice to Pay) and the receipt by the Bond Trustee of any Excess Proceeds will not reduce or discharge any such obligations.

By subscribing for Covered Bond(s), each Covered Bondholder will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the LLP in the manner as described above. See further "Summary of the Principal Documents – Trust Deed" below.

Risks relating to Covered Bonds which are linked to benchmarks. Interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory review and reform, with further changes anticipated. These reforms may cause such benchmarks to perform differently than in the past, a 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.

Series-specific risks. A wide range of Covered Bonds may be issued under the Covered Bond Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Extendable obligations under the Covered Bond Guarantee. 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 relevant unpaid 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. The Issuer is not required to notify Covered Bondholders of such deferral. 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**") provide 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 payment on the Extension Determination Date. If the LLP has not received a Notice to Pay in sufficient time and/or does not have sufficient moneys available to pay 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 (*Redemption and Purchase*) on any Interest Payment Date up to and including the relevant Extended Due for Payment Date. 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 Covered Bondholders should be aware that the Extended Due for Payment Date will be the date specified in the applicable Final Terms, 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.

The extension period for each Series of Covered Bonds can be for different periods of time. In accordance with the Guarantee Priority of Payments, Covered Bonds of a Series with an Extended Due for Payment Date falling one year or less from the relevant LLP Payment Date will be paid in priority to any Series of Covered Bonds with an Extended Due for Payment Date falling more than one year after the relevant LLP Payment Date. To the extent that the LLP has insufficient funds to pay Covered Bonds of a Series with an Extended Due for Payment Date falling one year or less from the relevant LLP Payment Date, Covered Bonds with an Extended Due for Payment Date falling more than one year after the LLP Payment Date may be paid less than they are due, or not at all.

Covered Bonds subject to Optional Redemption by the Issuer. If an Issuer Call is specified in the applicable Final Terms, the Issuer may elect to redeem all or some of the Covered Bonds at the Optional Redemption Amount (specified in the applicable Final Terms) plus Accrued Interest. An optional redemption feature of Covered Bonds is likely to limit the market value of such Covered Bonds. 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 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.

Interest Rate risks. Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

Covered Bonds issued at a substantial discount or premium. 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.

Exchange rate risks and exchange controls. The Issuer will pay principal and interest on the Covered Bonds and the LLP will make any payments under the Covered Bond Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency (the "**Investor's Currency**"). These include the risk that exchange rates may significantly change (including changes due to devaluation

of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (1) the Investor's Currency equivalent yield on the Covered Bonds; (2) the Investor's Currency equivalent value of the principal payable on the Covered Bonds; and (3) the Investor's Currency equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Covered Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal (in an Investor's Currency equivalent basis).

Eurosystem Eligibility. The Covered Bonds may be recognisable as eligible collateral for the monetary policy of the European Central Bank's liquidity scheme (**Eurosystem**) and intra-day credit operations by Eurosystem either at issuance or at any or all times during their life if the Issuer and the specific issuer criteria are met at the time an application for eligibility is made. Although covered bonds generally fall within a recognisable asset class for Eurosystem eligible collateral, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time, including whether and how such eligibility may be impacted by the UK withdrawal from the EU and the UK no longer being part of the EEA. Investors should make their own assessment as to whether or not the Covered Bonds meet such Eurosystem eligibility criteria. If the Covered Bonds are not considered eligible collateral for the Eurosystem, Covered Bondholders will not be able to use them as collateral for the Eurosystem and may also find that the Covered Bonds become less liquid in any secondary market that may exist for the Covered Bonds.

Ratings of the Covered Bonds. The ratings assigned to the Covered Bonds by Fitch address the probability of default and the loss given default under the Covered Bonds. The ratings assigned by Moody's to the Covered Bonds address the expected loss posed to potential investors. 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. 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. In addition, at any time any Rating Agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Covered Bonds may be lowered. 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 adversely affect the Issuer's capital market standing.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension or withdrawal (or, as noted above, revision) at any time. A credit 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. Any downgrade in the rating of the Issuer by the Rating Agencies may have a negative impact on the ratings of the Covered Bonds.

Rating Agency Confirmation in respect of Covered Bonds. The terms of certain of the Transaction Documents provide that, in certain circumstances, the Issuer must, and the Bond Trustee or the Security Trustee may, obtain written confirmation (or, in the case of Moody's, affirmation) from the Rating Agencies that any particular action proposed to be taken by the Issuer, the LLP, the Seller, the Administrator, the Cash Manager, the Bond Trustee or the Security Trustee will not adversely affect or cause to be withdrawn the then current ratings of the Covered Bonds (a "**Rating Agency Confirmation**"). To the extent that a Rating Agency Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions. Where a Rating Agency Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Rating Agency not having responded to the relevant request from the Issuer within the prescribed time period, there remains a risk that such Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Covered Bonds as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Covered Bonds may have an adverse effect on the value of the Covered Bonds.

By acquiring the Covered Bonds, investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to Covered Bondholders, including, without limitation, in the case of a Rating Agency Confirmation, whether any action proposed to be taken by the Issuer, the LLP, the Seller, the Administrator, the Cash Manager, the Bond Trustee, the Security Trustee or any other party to a Transaction Document is either: (i) permitted by the terms of the relevant Transaction Document; or (ii) in the best interests of, or not materially prejudicial to, some or all of the Covered Bondholders. In being entitled to have regard to the fact that the Rating Agencies have confirmed that the then current ratings of the Covered Bonds would not be adversely affected or withdrawn, or that the relevant Rating Agency has indicated that it does not consider such confirmation to be necessary, each of the Issuer, the LLP, the Bond Trustee, the Security Trustee and each of the other Secured Creditors (including the Covered Bondholders) is deemed to have acknowledged and agreed that the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

Any such Rating Agency Confirmation, or the indication from the relevant Rating Agency that it does not consider such confirmation to be necessary to be given, is at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Such confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. Covered Bondholders should be aware that a Rating Agency Confirmation represents only a restatement of the opinions given, and is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction. Covered Bondholders should therefore be aware that even if a Rating Agency Confirmation is given by a Rating Agency in relation to a potential action, it cannot be certain that such action will not negatively affect the interests of Covered Bondholders.

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) equally with its other 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 and, as such, Covered Bondholders should be aware that an Event of Default may have occurred in relation to the Issuer without the security over the Portfolio being enforced by the Security Trustee. 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. Covered Bondholders should be aware that if the obligations of the LLP under the Covered Bond Guarantee were to be accelerated there may be insufficient amounts realised from the Portfolio to pay all amounts owing to the Covered Bondholders in full.

Covered Bonds issued under the Programme. Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms from an existing Series of Covered Bonds (in which case they will constitute a new Series).

All Covered Bonds issued from time to time under the Programme will, following service of an LLP Acceleration Notice and enforcement of the security, rank *pari passu* with each other in all respects and will share in the security granted by the LLP under the Deed of Charge. As a result, holders of Covered Bonds issued pursuant to this Base Prospectus should be aware that they will rank *pari passu* and share in the security granted by the LLP over, *inter alia*, the Portfolio, with holders of Covered Bonds which may be issued by the Issuer in a manner other than pursuant to this Base Prospectus.

If an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds, the Covered Bonds of all Series outstanding will accelerate at the same time against the Issuer (following service of an Issuer Acceleration Notice) 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). Subject as provided in Condition 9 (*Events of Default and Enforcement*) and the Trust Deed, 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 accelerate. Covered Bondholders should be aware that if the obligations of the LLP under the Covered Bond Guarantee were to be accelerated there may be insufficient amounts realised from the Portfolio to pay all amounts owing to the Covered Bondholders in full. In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect the existing Covered Bondholders:

- 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 the same into Sterling if necessary): (i) to acquire Loans and their Related Security from the Seller; and/or (ii) to acquire Substitution Assets up to the prescribed limit to the extent required to meet the requirements of: (i) (if the Issuer is admitted to the register of issuers and the Programme is admitted to the register of regulated covered bonds under the RCB Regulations) Regulations 23 and 24(1)(a) of the RCB Regulations; and (ii) the Asset Coverage Test and thereafter may be applied by the LLP:
 - (a) to purchase Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or
 - (b) to invest in Substitution Assets in an amount not exceeding the prescribed limit; and/or
 - (c) (subject to complying with the Asset Coverage Test (as described below)) to make a Capital Distribution to a Member; and/or
 - (d) 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
 - (e) 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 Asset Coverage Test will be required to be met both before and immediately after any further issuance of Covered Bonds; and
- 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 (addressed to the Issuer, the Bond Trustee and the Security Trustee) that such further issue would not adversely affect the then current ratings of the existing Covered Bonds.

Covered Bonds not in physical form. Unless the Bearer Global Covered Bonds or the Registered Global Covered Bonds are exchanged for Bearer Definitive Covered Bonds or Registered Definitive Covered Bonds, respectively, which exchange will only occur in the limited circumstances set out under Form of the Covered Bonds – Bearer Covered Bonds and Form of the Covered Bonds – Registered Covered Bonds below, the beneficial ownership of the Covered Bonds will be recorded in book entry form only with Euroclear and Clearstream, Luxembourg and/or DTC. The fact that the Covered Bonds are not represented in physical form could, among other things:

- result in payment delays on the Covered Bonds because distributions on the Covered Bonds will be sent by or on behalf of the Issuer to Euroclear, Clearstream, Luxembourg or DTC instead of directly to Covered Bondholders;
- make it difficult for Covered Bondholders to pledge the Covered Bonds as security if Covered Bonds in physical form are required or necessary for such purposes; and

- hinder the ability of Covered Bondholders to resell the Covered Bonds because some investors may be unwilling to buy Covered Bonds that are not in physical form.

Certain decisions of the Covered Bondholders taken at Programme level. Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice 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 the Security Trustee to take any enforcement action must be passed at a single meeting (including by way of conference call or by use of a videoconference platform) of all the Covered Bondholders of all Series then outstanding, subject to the quorum and voting provisions set out in the Terms and Conditions and the Trust Deed.

3. RISKS RELATING TO THE COVER POOL

Limited description of the Portfolio. Covered Bondholders will not receive detailed statistics or information 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 Documents 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 and/or in the relevant Final Terms. 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 other 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.

Sale of Selected Loans and their Related Security following the occurrence of an Issuer Event of Default. If a Notice to Pay is served on the LLP, then the LLP will be obliged to sell Selected Loans and their Related Security (selected on a random basis) in order to make payments to the LLP's creditors including payments under the Covered Bond Guarantee (see “*Summary of the Principal Documents – LLP Deed*”).

There is no guarantee that a buyer will be found to acquire Selected Loans and their Related Security at the times required and there can be no guarantee or assurance as to the price which the LLP may be able to obtain, which may affect the ability of the LLP to make payments under the Covered Bond Guarantee.

However, the Selected Loans may not be sold by the LLP for less than an amount equal to 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 is obliged to sell the Selected Loans for the best price reasonably available notwithstanding that such price may be less than the Adjusted Required Redemption Amount. If Selected Loans are not sold for an amount equal to or in excess of the Adjusted Required Redemption Amount, the LLP may have insufficient funds available to pay all amounts due on the Covered Bonds.

On the Final Maturity Date of a Series of Covered Bonds or, as applicable, on each Interest Payment Date up to and including the Extended Due for Payment Date, the LLP will apply all proceeds standing to the credit of the GIC Account to redeem the relevant Series of Covered Bonds. Such proceeds will include the sale proceeds of Selected Loans (including any sale proceeds resulting from the sale of Selected Loans sold in respect of another Series of Covered Bonds) and all principal repayments received on the Mortgage Loans in the Portfolio generally. This may adversely affect later maturing Series of Covered Bonds if the Selected Loans sold to redeem an earlier maturing Series of Covered Bonds are sold for less than the Adjusted Required Redemption Amount and, accordingly, the LLP is required to apply other assets in the Portfolio (i.e. Principal Receipts) to redeem that earlier maturing Series of Covered Bonds.

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.

Set-off risk may adversely affect the value of the Portfolio or any part thereof. As described above, the sale by the Seller to the LLP of English Mortgage Loans will be given effect by an equitable assignment, with each sale of Scottish Mortgage Loans being given effect by a Scottish Declaration of Trust. As a result, legal title to the Mortgage Loans and their Related Security sold by the Seller to the LLP will remain with the Seller. Therefore, the rights of the LLP may be subject to the direct rights of the Borrowers against the Seller, including rights of set-off which occur in relation to transactions or deposits made between the Borrowers and the Seller existing prior to notification to the Borrowers of the assignment or assignment (as appropriate) of the Mortgage Loans. References to “**set-off**” in this Prospectus shall include analogous rights in Scotland.

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Portfolio and/or the ability of the LLP to make payments under the Covered Bond Guarantee. The Asset Coverage Test has been structured to mitigate the potential set-off risk (although there is no assurance that such risks will be fully mitigated).

Limited recourse to the Seller. 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 by it to the LLP.

If any Mortgage Loan sold by the Seller does not materially comply with any of the Representations and Warranties made by the Seller as at the Transfer Date of that Mortgage Loan, then the Seller will be required to notify the LLP and the Security Trustee as soon as reasonably practical after becoming aware of the fact and, upon receipt of a request to do the same from the LLP, remedy the breach within 28 Business Days of receipt by it of the request.

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 and after the service of a Mortgage Loan Repurchase Notice) to repurchase (by way of a cash payment, or, subject to compliance with the Asset Coverage Test, a reduction in the Capital Contribution Balance of the Seller), on such date that the LLP may direct in the Mortgage Loan Repurchase Notice, the relevant Loan and its Related Security and any other Loans of the relevant Borrower that are included in the Portfolio, at their True Balance as of the date of repurchase.

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 which are in breach of the Representations and Warranties then the True 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.

Maintenance of Portfolio. Asset Coverage Test: Pursuant to the terms of the Mortgage Sale Agreement, the Seller has agreed 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. In addition, Covered Bondholders should be aware that the FCA may take certain action under the RCB Regulations in relation to the Seller, including prohibiting the Seller from transferring further Loans to the LLP. Any such action may have an adverse effect on the ability of the Issuer and the LLP to meet its obligations under the Covered Bonds and the Covered Bond Guarantee, as applicable.

Amortisation Test: 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 commencement of winding-up proceedings against the LLP and/or realisation of the Security, 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 Issuer's obligations under the Covered Bonds against the Issuer (to the extent such obligations had not already been accelerated against the Issuer) and the LLP's obligations under the Covered Bond Guarantee against the LLP subject to and in accordance with the Conditions and the Trust Deed. Covered Bondholders should be aware that in such circumstances there may not be sufficient amounts realised from the Portfolio to pay all Covered Bondholders in full.

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.

Neither the Security Trustee nor the Bond Trustee shall be responsible for monitoring compliance with, or 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.

Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions in the United Kingdom have experienced or may experience in the future weaker regional economic conditions (due to local, national and/or macroeconomic factors) and weaker housing markets than other regions in the United Kingdom, a concentration of the Mortgage Loans in such a region may be expected to exacerbate all of the risks relating to the Mortgage Loans described in this risk factor. The economy of each geographic region in the United Kingdom relies on a different mixture of industries and other factors. Any downturn in a local economy or particular industry may adversely affect the future regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. As the Issuer cannot predict when or where such regional economic declines may occur or to what extent or for how long such conditions may continue as described above, the ability of the LLP to make payments under the Covered Bond Guarantee could be reduced or delayed.

In addition, any natural disasters, escalation of global conflicts, acts of terrorism, or widespread health crises or the fear of such crises (including, but not limited to, COVID-19, measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu (or any strain of the foregoing), or other epidemic and/or pandemic diseases) in a particular region may weaken economic conditions and reduce the value of affected Properties and/or negatively impact the ability of affected Borrowers to make timely payments on the Mortgage Loans. In addition, governmental action or inaction in respect of, or responses to, any widespread health crises or such potential crises (such as those mentioned previously), whether in the United Kingdom or in any other jurisdiction, may lead to a deterioration in economic conditions both globally and within the United Kingdom. This may result in a loss being incurred upon sale of the Property and/or otherwise affect receipts on the Mortgage Loans. Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Covered Bonds.

If the timing of the payments, as well as the quantum of such payments, in respect of the Mortgage Loans is adversely affected by any of the risks described above, then payments on the Covered Bonds could be reduced and/or delayed and could ultimately result in losses on the Covered Bonds.

Factors that may affect the realisable value of the Portfolio or any part thereof or the ability of the LLP to make payments under the Covered Bond Guarantee. Following the occurrence of an Issuer Event of Default, the service on the Issuer of an Issuer Acceleration Notice and service on the LLP of a Notice to Pay, the realisable value of Selected Mortgage Accounts and their Related Security comprised in the Portfolio may be reduced (which may affect the ability of the LLP to make payments under the Covered Bond Guarantee) by:

- (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 FCA, the Prudential Regulation Authority, the Competition & 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, cancellable or subject to set-off or some of their terms being unenforceable;
- (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.

It should be noted that the Asset Coverage Test, the Amortisation Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Loans in the Portfolio and moneys standing to the credit of the LLP Accounts 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 and accordingly it is expected (but there is no assurance) that Selected Loans and their Related Security could be realised for sufficient values to enable the LLP to meet its obligations under the Covered Bond Guarantee.

No representations or warranties to be given by the LLP or the Seller if Selected Loans and their Related Security are to be sold. Following the service of an Asset Coverage Test Breach Notice (which has not been revoked) or the service on the LLP of a Notice to Pay (but in each case 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.

Default by Borrowers in paying amounts due on their Loans. Borrowers may default on their obligations due under the Mortgage Loans. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal. Examples of such factors include changes in the national or international economic climate, regional economic (due to local, national and/or global macroeconomic or geopolitical factors or housing conditions), changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political

developments and government policies, natural disasters and widespread health crises or the fear of such crises (such as new strains of COVID-19 (or reduced vaccine efficacy), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu or other epidemic diseases).

In addition, the UK economy is experiencing a range of economic effects with uneven impacts. Developments such as rising inflation, global energy prices or a stress within the Eurozone and the UK Government's response to these, including the impact of monetary policies such as the Bank of England's programme of quantitative tightening, could adversely affect Borrowers' disposable income and ability to pay interest or repay principal on their Mortgage Loans, particularly against a background of price rises for essential goods. Widespread economic impacts have the potential to create contagion effects. A deflationary environment may negatively affect property values.

Recently, the UK has seen weaker economic growth, along with inflationary pressures, increases in the Bank of England's interest rate, continuing cost of living pressures and vulnerability to recession risk. These recent interest rate increases, coupled with headwinds from high inflation, have the potential to impact a material amount of UK household incomes. As mortgages roll off existing rates onto new higher rates, there is an increased risk of Borrower defaults. Certain segments of the housing market could be subject to specific valuation impacts (for example, certain residential property may be subject to remediation activities relating to fire safety standards). Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Mortgage Loans. Loss of earnings, illness (including any illness arising in connection with an epidemic or pandemic) or widespread health crises or the fear of such crises (such as new strains of COVID-19 (or reduced vaccine efficacy), measles, SARS, Ebola or other epidemic diseases), divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans.

The cost of living crisis being faced by the Borrowers could potentially also result in an increased level of customer stress leading to increased defaults by customers, which in turn could lead to material arrears and credit losses for the Issuer. This could affect the Issuer's ability to fulfil its obligations under the Covered Bonds.

In addition, the ability of a Borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee or (in Scotland) heritable creditor must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee or heritable creditor (as applicable) assuming certain risks. In addition, once possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations and to take reasonable care to obtain a proper price. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the ability of the LLP to make payments under the Covered Bond Guarantee may be reduced. The LLP's ability to make such payments may be reduced further if the powers of a mortgagee or heritable creditor (as applicable) in relation to obtaining possession of properties permitted by law are restricted in the future.

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 and would therefore not be the same as those set out in this Base Prospectus and any such differences may be material.

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.

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 in order 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 of at least BBB- by S&P, at least BBB- by Fitch, and at least Baa3 by Moody's (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 completed 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. If any of the Borrowers were to exercise set-off rights in such circumstances it may reduce the amount received by the LLP in relation to the Portfolio and reduce the amounts available to the LLP to pay any amounts under the Guarantee.

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.

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 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) are 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.

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, while 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.

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.

Administration 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 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 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.

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.

Any failure by the Seller to repurchase the relevant Loan(s) could have an adverse effect on the quality of the Cover Pool which in turn could affect the ability of the Covered Bondholders to receive all amounts due on the Covered Bonds. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below.

Loans are subject to certain legal and regulatory risks. Certain regulatory risks exist in relation to the Mortgage Loans, including in relation to the legal and regulatory considerations relating to the Mortgage Loans and their Related Security, changes in law, regulation, the possibility of complaints by Borrowers in relation to terms of the Mortgage Loans and in relation to the policies and procedures of the Seller. If any of these risks materialise they could have an adverse effect on the Seller, the Issuer or the LLP and could adversely affect the ability of the Issuer to make payments on the Covered Bonds or, if applicable, the LLP's ability to make payment on the Covered Bond Guarantee. Further detail on certain considerations in relation to the regulation of mortgages in the UK is set out in the section headed "Further Information relating to the regulation of Mortgages in the UK" below and certain specific risks are set out below:

Regulated Mortgage Contracts. 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 or a PRA 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 with that authorised person (or exercise analogous rights in Scotland). Any such set-off in respect of the Mortgage Loans may adversely affect the LLP's ability to make payments on the *Covered Bond Guarantee*. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Regulated Mortgage Contracts*".

Guidance Issued by the Regulators. 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 as it relates to the Portfolio will not have a material adverse effect on the Seller, the LLP and/or the Administrator and their respective businesses and operations. There can be no assurance that any such changes (including changes in any regulators' responsibilities) will not affect the Mortgage Loans. Any such changes (including changes in any regulators' responsibilities) may also adversely affect the Issuer's operating results, financial condition and prospects. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Changes to mortgage regulation and to the regulatory structure in the UK*)" below.

Unfair Relationships. If a court has determined that there was an unfair relationship between the Lender and the Borrowers in respect of the relevant Loans subject to the unfair relationship test (including 'consumer credit back book mortgage contracts') 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 Loans, and the realisable value of the Portfolio and/or the ability of the LLP to make payments under the Covered Bond Guarantee. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Unfair relationships*" below.

Distance Marketing. The Financial Services (Distance marketing) Regulations 2004 ("**DM Regulations**") allow, in certain specified circumstances, a borrower to cancel a credit agreement it has entered into with lenders without provision of certain required information. If a significant proportion of the Mortgage Loans are treated as being cancellable under these regulations, there could be an adverse effect on the LLP's receipts in respect of the Mortgage Loans affecting the LLP's ability to make payments on the Covered Bond Guarantee. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Distance Marketing*" below.

UTCCR and CRA. The broad and general wording of the UTCCR and 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 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 Bond Guarantee, including by way of non-recovery of a Mortgage Loan by the Seller or the LLP, a claim made by the Borrower or the exercise by the Borrower of a right of set-off arising as a result of a term of a loan being found to be unfair (and therefore not binding on the consumer), and may adversely affect the LLP's ability to make payments on the Covered Bond Guarantee.

If any term of the Mortgage Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Covered Bond Guarantee. 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 and/or 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. Further detail in relation to both the UTCCR and the CRA is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015*" below.

Mortgage repossessions. The protocols for mortgage possession claims may have adverse effects in relation to the ability of the Seller to repossess properties in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in lower recoveries and may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Pre-action Protocol for mortgage possession cases*" below. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Regulation of residential secured lending (other than Regulated Mortgage Contracts)*".

FCA Consumer Duty: The FCA has published final rules on the introduction of a new consumer duty on regulated firms (**Consumer Duty**), which aims to set a higher level of consumer protection in retail financial markets. The FCA published its final rules on the Consumer Duty in July 2022, which provide that the Consumer Duty will apply from 31 July 2023 for products and services that remain open to sale or renewal and from 31 July 2024 for closed products and services. It is unclear, despite the guidance from the FCA, as to how the Consumer Duty will operate. If (for example) the obligations relating to fair value or not causing harm are not met in relation to the Portfolio, it could adversely affect the amounts received or recoverable in relation to the Portfolio and may adversely affect the ability of the Issuer to make payments in full on the Covered Bonds when due. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – FCA Consumer Duty*".

FCA response to the cost of living crisis. On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 (the "**Mortgages Tailored Support Guidance**") which was issued to address exceptional circumstances arising out of the COVID-19, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment. The FCA makes clear in the Mortgages Tailored Support Guidance that it expects lenders of both owner occupied and buy-to-let mortgage loans to act in a manner consistent with the guidance. If the Issuer is required to offer prospective forbearance to a significant proportion of Mortgage Loans in the Portfolio it may adversely affect the ability

of the Issuer to make payments on the Covered Bonds when due or (if applicable) the ability of the LLP to meet its obligation under the Covered Bonds Guarantee. There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the above guidance. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK - FCA response to the cost of living crisis*" below.

Mortgage Charter. On 26 June 2023, the HM Treasury published the 'Mortgage Charter' in light of the current pressures on households following interest rate rises and the cost of living crisis. The Mortgage Charter states that the UK's largest mortgage lenders and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the "**Mortgage Charter**"). The Issuer is a signatory to the Mortgage Charter and has agreed that, among other things, a borrower will not be forced to leave their home without their consent, unless in exceptional circumstances, in less than a year from their first missed payment. In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months (the "**MC Interest-Only Agreement**"); or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the "**MC Extension Agreement**"). These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments only applies to owner-occupied mortgage loans. This may adversely affect the ability of the Issuer to make payments when due on the Covered Bonds, or (if applicable) the ability of the LLP to meet its obligations under the Covered Bond Guarantee. Further detail in relation to the Mortgage Charter is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK - Mortgage Charter*" below.

Breathing Space Regulations. The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 came into force on 4 May 2021 (the "**Breathing Space Regulations**"). The Breathing Space Regulations gives eligible individuals in England and Wales the right to legal protection from their creditors (including almost all enforcement action) during a period of breathing space. The Breathing Space Regulations do not apply to mortgages, except for arrears which are uncapitalised at the date of the application under the Breathing Space Regulations. There is a risk that delays in the initiation of enforcement action in respect of the Mortgage Loans may result in lower recoveries and may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee. Further detail is included in the section headed "*Further Information Relating to the Regulation of Mortgages in the UK – Breathing Space Regulations*" below.

Assured Shorthold Tenancy (AST). Currently, there is a risk where:

- (i) a long lease is also an AT/AST due to the level of the ground rent;
- (ii) the tenant is in arrears of ground rent for more than three months;
- (iii) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- (iv) the tenant does not manage to reduce the arrears to below three months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property. This may adversely affect the LLP's ability to make payments on the Covered Bond Guarantee. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – Assured Shorthold Tenancy (AST)*" below.

External wall safety. Following the Grenfell Tower tragedy in June 2017, England and Wales have introduced enhanced requirements for structural and external wall safety, including by the enactment of the Fire Safety Act 2021 which makes provision about the application of the Regulatory Reform (Fire Safety) Order 2005 where a building contains two or more sets of domestic premises and confers power to amend that order in future for the purposes of changing the premises to which it applies. Where these enhanced requirements apply to a property, depending upon the circumstances:

- (a) subject to any available Government or local authority funding to assist homeowners in paying for the removal and/or replacement of building cladding (including the Building Safety Fund (which only applies to buildings over 17.7 metres high and requires the Department for Levelling Up, Housing and Communities to decide if the building meets the fund's criteria) which aims to protect leaseholders from the cost of addressing fire-safety risks, caused by unsafe non-ACM cladding systems on high-rise residential buildings), they could result in the Borrower being liable for expenses to comply with the requirements (including, without limitation, removal and/or replacement of building cladding) and/or other requirements (including, without limitation, health and safety measures pending such compliance being effected) and, in turn, such expenses could result in that Borrower defaulting under the Mortgage Loan and/or Related Security, and
- (b) they could adversely affect the value and marketability of the property and/or the ability to rent out the property.

In consequence of a tower block fire in 1999, Scotland had, prior to the Grenfell Tower tragedy, put in place more robust buildings standards and, since 2017, additional fire resistance standards and further building standards have been introduced. The Scottish Government is working on the assessment of all relevant buildings with a view to compiling a Register of Safe Buildings but the issue of funding remediation is a major one, as the Scottish Government, being devolved, cannot be certain as to how much funding it will have that can be used to assist homeowners. It is seeking to build an accord with house builders and homeowners that would have the effect that developers linked to buildings with problematic cladding would fund remediation where this is identified and that other fair and workable solutions are found. On 1 November 2023, the Housing (Cladding Remediation) (Scotland) Bill was introduced to the Scottish Parliament. The Bill gives Scottish Ministers the power to assess and remediate residential buildings over 11m high with unsafe cladding where the consent of the owners cannot be provided; it also seeks to introduce a Cladding Assurance Register to record related building assessments and remedial action taken; and it will allow the Scottish Ministers to introduce a "Responsible Developers Scheme" to support engagement with developers and encourage them to pay for or carry out remediation work. However, at present, the risks outlined in (a) and (b) above also apply in Scotland.

The Building Safety Act 2022 (BSA 2022) increases the amount of time that Borrowers can seek compensation for substandard construction work from 6 (or in Scotland, 5) to 15 years. Furthermore, the legislation applies retrospectively to properties built up to 30 years prior to these changes coming to effect (plus a one-year initial buffer for claims perilously close to the end of the 30-year retrospective limitation period). This could mean the Issuer is able to mitigate financial losses associated with the removal and/or replacement of building cladding of affected properties. However, there is no assurance that the negligent contractors will still be in existence¹ or have the necessary funds to compensate for such substandard construction work. If any of these risks materialise they could have an adverse effect on the ability of the Issuer to satisfy its obligations under the Covered Bonds and/or could affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee.

4. RISKS RELATING TO REGULATION OF THE COVERED BONDS

UK-regulated covered bond regime. 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.

The FCA may 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 (but 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 and directing the Issuer to publish information given to the FCA under the RCB Regulations. Moreover, the bodies which regulate the

¹ Note however that the BSA 2022 provides that the High Court may extend the specific liabilities of a body corporate to any associated bodies to make them jointly and severally liable (even where original body corporate has been dissolved) in relation to specific building safety claims.

financial services industry in the UK may take certain actions in respect of issuers using their general powers under the UK regulatory regime (including restricting an issuer's ability to transfer further assets to the asset pool). There is a risk that any such regulatory action may reduce the amounts available to pay Covered Bondholders.

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

Changes or uncertainty in respect of EURIBOR, SONIA, €STR, SOFR and/or other interest rate benchmarks may affect the value, liquidity or payment of interest under the Covered Bonds. Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR) are the subject of ongoing national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**"), applies from 1 January 2018 in general, subject to certain transitional provisions. Certain requirements of the EU Benchmarks Regulation apply with respect to the provision of a wide range of benchmarks (including EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the EU Benchmarks Regulation, among other things: (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) and to comply with extensive requirements in relation to the administration of benchmarks; and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA ((the "**UK Benchmarks Regulation**") among other things, applies to provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The administrator of SONIA, as the Bank of England, is not currently required to obtain authorisation/registration and SONIA does not fall within the scope of the EU Benchmarks Regulation or the UK Benchmarks Regulation by virtue of Article 2 of those regulations. The administrator of EURIBOR appears on the register of administrators and benchmarks established and maintained by each of ESMA and the FCA.

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Covered Bonds linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms or the general increased scrutiny of benchmarks, could increase the costs and risk for administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Separate work streams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro-risk free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk-free rate. ESTR has been published by the ECB since October 2019.

Investors should be aware that the euro-risk free rate working group for the euro area has published a set of guiding principles and high-level recommendations for fallback provisions in, amongst other things, new euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create

disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing or otherwise dependent (in whole or in part) upon, a benchmark.

In particular, prospective investors should be aware that:

- (a) any of these reforms or pressures described or any other changes to a relevant interest rate benchmark (including EURIBOR, SONIA, €STR and SOFR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; particularly market participants and relevant working groups are exploring alternative reference rates based on SONIA, therefore there is a risk that the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in relation to the Covered Bonds that reference SONIA;
- (b) if EURIBOR, SONIA, €STR or SOFR is discontinued or is otherwise unavailable, then the rate of interest on the Covered Bonds will be determined for a period by the fallback provisions provided for under Condition 4 (Interest) of the Terms and Conditions of the Covered Bonds, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the Eurozone interbank market (in the case of EURIBOR), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available;
- (c) while an amendment may be made under Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution) to change the EURIBOR, SONIA, €STR or SOFR rate (as applicable) on the relevant Floating Rate Covered Bonds to an alternative base rate under certain circumstances broadly related to EURIBOR, SONIA, €STR or SOFR (as applicable) dysfunction or discontinuation, there can be no assurance that any such amendment will be made or, if made, that it: (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the relevant Floating Rate Covered Bonds; or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (d) if EURIBOR, SONIA, €STR, SOFR or any other relevant interest rate benchmark is discontinued, there can be no assurance that the applicable fallback 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 Covered Bonds.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Covered Bonds and/or the Swap Agreements due to applicable fallback provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Covered Bonds.

Moreover, any of the above matters or any other significant change to the setting or existence of EURIBOR, SONIA, €STR, SOFR or any other relevant interest rate benchmark could affect the ability of the Issuer or the Guarantor to meet its obligations under the Covered Bonds and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds. Changes in the manner of administration of EURIBOR, SONIA, €STR, SOFR or any other relevant interest rate benchmark could result in adjustment to the Conditions or other consequences in relation to the Covered Bonds. No assurance may be **provided that** relevant changes will not occur with respect to EURIBOR, SONIA, €STR, SOFR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Covered Bonds.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or

any of the international or national reforms and the possible application of the benchmark replacement provisions of the Covered Bonds in making any investment decision with respect to the Covered Bonds.

The market continues to develop in relation to risk free rates which may be reference rates for Floating Rate Covered Bonds. In the majority of relevant jurisdictions, the chosen risk-free rate is an overnight rate (for example, the SONIA in respect of Sterling, the SOFR in respect of US Dollars, and the €STR in respect of Euro), with the interest rate for a relevant period calculated on a backward looking (compounded or simple weighted average) basis, rather than on the basis of a forward-looking term. As such, investors should be aware that risk-free rates may behave materially differently from EURIBOR and other interbank offered rates as interest reference rates for the Covered Bonds.

Investors should be aware that the market continues to develop in relation to risk free rates such as SONIA, SOFR and €STR as reference rates in the capital markets. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, SOFR and €STR which seek to measure the market's forward expectation of such rates over a designated term. The market or a significant part thereof (including the Issuer) may adopt an application of SONIA, SOFR, €STR and/or any other risk free rate that differs significantly from that set out in the Conditions (including in relation to fallbacks in the event that such rates are discontinued or fundamentally altered) and used in relation to Floating Rate Covered Bonds referencing risk free rates such as SONIA, SOFR and/or €STR issued under this Programme.

Furthermore, the Issuer may, in the future, issue Covered Bonds referencing SONIA, SOFR and/or €STR that differ materially in terms of interest determination when compared with any previous SONIA, SOFR and/or €STR-referenced Covered Bonds issued by it under the Programme. Equally in such circumstances, it may be difficult for the Issuer to find any future required replacement swap counterparty to properly hedge its then interest rate exposure on such a Floating Rate Covered Bonds should a swap counterparty need to be replaced and such Floating Rate Covered Bond at that time uses an application of SONIA, SOFR and/or €STR that then differs from products then prepared to be hedged by such currency swap counterparties.

Furthermore, the Rate of Interest on Covered Bonds which reference SONIA, SOFR and/or €STR 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 SONIA, SOFR and/or €STR to estimate reliably the amount of interest which will be payable on such Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which factors could adversely impact the liquidity of such Covered Bonds. Further, in contrast to interbank offered rates-based Covered Bonds, if Covered Bonds referencing SONIA, SOFR and/or €STR become due and payable as a result of an Issuer Event of Default, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Covered Bonds will only be determined immediately prior to the date on which the Covered Bonds become due and payable.

In addition, the manner of adoption or application of SONIA, SOFR and/or €STR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA, SOFR and/or €STR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA, SOFR and/or €STR 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, SOFR and/or €STR.

Since risk free rates are relatively new in the market, Covered Bonds referencing such rates 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 linked to SONIA, SOFR, €STR and/or any other risk free rate, such as the spread over the rate reflected in interest rate provisions, may evolve over time, and trading prices of the Covered Bonds referencing SONIA, SOFR, €STR and/or any other risk free rate may be lower than those of later-issued debt securities linked to the same rate as a result.

The discontinuation of EURIBOR. EURIBOR and other interest rates or other types of rates and indices which are deemed to be “benchmarks” are the subject of ongoing national and international regulatory reform. 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 benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. Any changes

to EURIBOR and other interest rate benchmarks will also require compliance with the Benchmarks Regulation.

Under the Benchmarks Regulation, which applied as from 1 January 2018 in general, new requirements apply with respect to the provision of a wide range of benchmarks (including EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the EU. In particular, the Benchmarks Regulation will, among other things, (a) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (b) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, deemed equivalent or recognised or endorsed).

These reforms and other pressures may cause such benchmarks to disappear entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Generally, any such modification or potential consequence of the discontinuation of EURIBOR could have a material adverse effect on the value of and return on any of the Covered Bonds.

The Secured Overnight Financing Rate used to calculate SOFR may be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Covered Bonds. The Secured Overnight Financing Rate is published by the Federal Reserve Bank of New York (the “**Federal Reserve**”) and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by Treasury securities. The Federal Reserve reports that the Secured Overnight Financing Rate includes all trades in the Broad General Collateral Rate, plus bilateral Treasury repurchase agreement transactions cleared through the delivery-versus-payment service offered by the Fixed Income Clearing Corporation (the “**FICC**”), a subsidiary of The Depository Trust and Clearing Corporation (“**DTCC**”). The Secured Overnight Financing Rate is filtered by the Federal Reserve to remove a portion of the foregoing transactions considered to be “specials”.

The Federal Reserve reports that the Secured Overnight Financing Rate is calculated as a volume-weighted median of transaction-level tri-party repurchase agreement data collected from The Bank of New York Mellon as well as General Collateral Finance repurchase agreement transaction data and data on bilateral Treasury repurchase transactions cleared through the FICC’s delivery-versus-payment service. The Federal Reserve notes that it obtains information from DTCC Solutions LLC, an affiliate of DTCC. The Federal Reserve notes on its publication page for the Secured Overnight Financing Rate that use of the Secured Overnight Financing Rate is subject to important limitations and disclaimers, including that the Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of the Secured Overnight Financing Rate at any time without notice.

As the Secured Overnight Financing Rate is published by the Federal Reserve based on data received from other sources, the Issuer has no control over its determination, calculation or publication. There can be no guarantee that the Secured Overnight Financing Rate will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Floating Rate Covered Bonds linked to SOFR. If the manner in which the Secured Overnight Financing Rate is calculated is changed, that change may result in a reduction of the amount of interest payable on Floating Rate Covered Bonds linked to SOFR and the trading prices of such Covered Bonds. If the rate at which interest on Floating Rate Covered Bonds linked to SOFR accrues on any day declines to zero or becomes negative, no interest will be payable on such Covered Bonds in respect of that day.

The Federal Reserve began to publish the Secured Overnight Financing Rate in April 2018. The Federal Reserve has also begun publishing historical data indicative of Secured Overnight Financing Rates going back to 2014. Investors should not rely on any historical changes or trends in the Secured Overnight Financing Rate as an indicator of future changes in the Secured Overnight Financing Rate. Also, since the Secured Overnight Financing Rate is a relatively new market index, Floating Rate Covered Bonds linked to SOFR will likely 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 the Secured Overnight Financing Rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of Floating Rate Covered Bonds linked to SOFR may be lower than those of later-issued indexed debt securities as a result. Similarly, if the Secured Overnight Financing Rate does not prove to be widely used in securities such as the Floating Rate Covered Bonds linked to SOFR, the trading price

of such Covered Bonds may be lower than those of bonds linked to indices that are more widely used. Investors in Floating Rate Covered Bonds linked to SOFR 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.

5. RISKS RELATING TO COUNTERPARTIES

Reliance of the LLP on third parties. The LLP has entered into agreements with a number of third parties, which have agreed to perform services for the LLP. In particular, but without limitation: the Administrator has been appointed to service Mortgage Accounts in the Portfolio sold to the LLP; 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), and/or the ability of the LLP to make payments under the Covered Bond Guarantee, may be 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 is also 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 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 of at least Baa3 by Moody's, or at least BBB- by S&P, or at least BBB- by Fitch, the LLP will use reasonable efforts to enter into an alternative administration agreement with a third party which 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.

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 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.

Change of counterparties. The parties to the Transaction Documents which receive and hold moneys pursuant to the terms of such documents (such as the Account Bank and, if applicable, the Standby Account Bank) are required to satisfy certain criteria in order that they can continue to receive and hold moneys.

These criteria include requirements imposed under the FSMA and current rating criteria published by the Rating Agencies from time to time in relation to the short-term, unguaranteed and unsecured ratings ascribed to such party by Fitch, Moody’s or S&P. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, 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, the parties to the relevant Transaction Document may agree to amend or waive certain 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.

6. RISKS RELATING TO STRUCTURAL AND DOCUMENTATION CHANGES

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 Condition 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), and certain provisions of the Trust Deed and the Deed of Charge, the Bond Trustee has the ability to agree to and/or direct the Security Trustee to agree to certain modifications, waivers and authorisations under the Covered Bonds and the Transaction Documents (including the waiver of any Issuer Event of Default and/or LLP Event of Default) without consultation with, or the consent or sanction of, the Covered Bondholders or the other Secured Creditors.

Subject as provided in Condition 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*) of the Trust Deed, and to being indemnified and/or secured and/or pre-funded to its satisfaction, the Bond Trustee must, and/or must direct the Security Trustee to, agree to modifications, waivers and authorisations as referred to above if so directed by (a) an Extraordinary Resolution of the Covered Bondholders of the relevant one or more Series; or (b) the holders of not less than 25 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant one or more Series.

In the case of the waiver of an Issuer Event of Default or an LLP Event of Default, the relevant one or more Series will be all Series taken together as a single Series. In all other cases referred to above, the relevant one or more Series will be those Series which, in the opinion of the Bond Trustee, are affected by the modification, waiver or authorisation, taken together as a single Series, if, in the opinion of the Bond Trustee, there is no conflict between the interests of the Covered Bondholders of the affected Series, but otherwise taken separately.

There can be no assurance that the effect of such modifications to the Transaction Documents will not ultimately adversely affect the interests of the Covered Bondholders.

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 other 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 judgement 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 SONIA, 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 UK EMIR and/or EU 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.

7. MACROECONOMIC AND MARKET RISKS

A secondary market in 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. Consequently, a Covered Bondholder must be able to bear the economic risk of an investment in a Covered Bond for an indefinite period of time.

Counterparty risk. Counterparties on a transaction under the Programme may be unable to perform their obligations due to changes in regulation, including the loss of certain regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets). As a result, there is a risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on their ability to provide services to the Issuer and, accordingly, on the ability of the Issuer to make payments of interest and repayments of principal under the Covered Bonds.

The Administrator’s ability to administer the mortgages in accordance with the Administration Agreement may be adversely affected by disruptions to its infrastructure and supply chains, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. In addition, to the extent that courts and other government agencies are closed or operate on a limited basis, registration, enforcement and similar activities may not be processed in a timely manner, and may be further delayed as such offices and courts address any backlogs of such actions that accumulated during the period of closure, and the duration of such backlogs is impossible to predict at this time.

Break-up of the UK. The EU withdrawal process has also caused increased constitutional tension within the UK. Majorities of voters in both Scotland and Northern Ireland voted to remain in the EU. Leading figures in both Scotland and Northern Ireland have suggested that they have a mandate from their voters to remain in the EU and might seek to leave the United Kingdom in order to achieve that outcome. The border between Northern Ireland and the Republic of Ireland was a particularly difficult and contentious issue in the withdrawal negotiations and is expected to continue being a significant issue in the context of the negotiations on the future relationship between the UK and the EU. In Northern Ireland, the Northern Ireland Protocol, which was implemented to avoid the introduction of a hard border between Ireland and Northern Ireland, remains a contentious political issue. The existence of, and manner of operation of, the Northern Ireland Protocol is one of the factors which contributed to the collapse of the Northern Ireland Executive following the resignation of the First Minister on 3 February 2022. The Northern Ireland Assembly was re-established on Saturday 3 February 2024. The recent collapse of the Northern Ireland Assembly although the Northern Ireland assembly has been re-established has led to a period of heightened political uncertainty in Northern Ireland and it is not possible to say with any certainty what further impact the recent collapse of the Northern Ireland Assembly may have. In relation to Scotland, the ability of the Scottish Government to hold a second independence referendum, and its timing, are unclear. The Scottish Government announced its intention to hold an independence referendum on 19 October 2023. However, the Supreme Court ruled that the Scottish Parliament did not have the power to hold an independence referendum without the consent of the UK Government through the mechanism of section 30 of the Scotland Act 1998. The Issuer cannot predict the outcome of this continuing constitutional tension or how the future departure of Scotland and/or Northern Ireland from the UK would affect the Programme and the ability of the Issuer to pay interest and repay principal under the Covered Bonds.

In particular, whilst the Seller is headquartered and incorporated in England and Wales, certain of the Mortgage Loans in the Mortgage Portfolio are Scottish Mortgage Loans. A future departure of Scotland

from the UK could impact the fiscal, monetary and regulatory landscape to which the Seller is subject. While the operational consequences of independence remain uncertain, it could (i) result in changes to the economic climate in Scotland and political and policy developments which could affect Borrowers' ability to pay amounts when due on the Mortgage Loans and which may adversely affect payments on the Covered Bonds, (ii) have an impact on Scots law, regulation, accounting or administrative practice in Scotland, and/or (iii) result in Scotland not continuing to use Sterling as its base currency, which may result in part of the Mortgage Portfolio being redenominated and therefore the Covered Bonds potentially being subject to currency risk.

Risks and uncertainties associated with a departure of Scotland from the UK could materialise both before any referendum for independence takes place and, in addition, in the case of a vote for independence, after a referendum but before independence. The final negotiated terms of independence, as well as the risks and uncertainty created, could have an adverse impact on the Seller's business and financial performance more generally.

No assurance can be given that any of these factors would not adversely affect the ability of the Issuer to make timely payments of interest and principal under the Covered Bonds.

8. LEGAL AND REGULATORY RISKS

Changes of law. The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on English law (and, in relation to the Scottish Loans, Scots law) in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law, Welsh law or Scots law (including any change in regulation which may occur without a change in primary legislation) or administrative practice or United Kingdom tax law, or the interpretation or administration thereof, or to the practice of HM Revenue & Customs 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 or the ability of the LLP to make payments under the Covered Bond Guarantee.

No assurance can be given that additional regulations or guidance from the regulators, or any other regulatory authority will not arise with regard to the mortgage market in the UK generally (including, without limitation, in relation to matters arising from MMR or changes to the FCA's MCOB rules), the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments or compliance costs may have a material adverse effect on the Mortgage Loans, the Seller, the LLP, the Issuer and/or the Administrator and their respective businesses and operations. This may adversely affect the ability of the LLP to dispose of the Portfolio or any part thereof in a timely manner and/or the realisable value of the Portfolio or any part thereof and accordingly affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee when due.

Insolvency proceedings and subordination 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 UK 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 2016 U.S. Bankruptcy Court decision held in certain circumstances that flip clauses are protected under the U.S. bankruptcy code and are therefore enforceable on bankruptcy. The 2016 decision was affirmed on 14 March 2018 by the U.S. District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the U.S. Court of Appeals for the Second Circuit. The implications of this conflict 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.

Expenses of insolvency officeholders. 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 disbursements made by the officeholder in relation to certain senior service providers and hedge counterparties and also general expenses incurred in the corresponding winding-up proceedings in respect of the LLP (which could include any corporation tax charges). This is a departure from the general position under English or Scots law, which provide that the expenses of any administration and any liquidation only rank ahead of a holder of a floating charge (but not ahead of the claims of a fixed charge-holder).

While 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, in certain post-enforcement scenarios in circumstances where the RCB Regulations apply to the LLP, each Secured Creditor agrees in effect that (among other things) if it receives certain subordinated 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. Notwithstanding such provision, assuming that the RCB Regulations will apply, there is a risk that in certain circumstances the relevant provisions of the RCB Regulations will result in a reduction in the amounts available to pay Covered Bondholders. In particular, it is not possible to bind third parties (such as HMRC) in relation to such subordination provisions.

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, and the Substitution Assets, and 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. In particular, the "prescribed part" (referred to below), the expenses of any

administration and/or winding-up and the claims of any preferential creditors would rank ahead of the claims of the Security Trustee in this regard. Although the Enterprise Act 2002 abolished the preferential status of certain Crown debts (including the claims of the UK tax authorities), the Finance Act 2020 which took effect from 1 December 2020 reintroduced that certain amounts owed to the UK tax authorities become secondary preferential debts and rank ahead of the recoveries to floating charge holders. These measures are intended to apply to taxes effectively collected by a debtor on behalf of the tax authorities and include amounts in respect of PAYE, employee national insurance contributions and construction industry scheme deductions. However, certain employee claims (in respect of contributions to pension schemes and wages) still have preferential status. In this regard, it should be noted that the LLP has agreed in the Transaction Documents not to have any employees.

In addition, any administrative receiver, administrator or liquidator appointed in respect of the LLP will be required to set aside the prescribed percentage or percentages of the floating charge realisations in respect of the floating charge contained in the Deed of Charge.

Under Scots law the concept of fixed charges taking effect as floating charges does not arise and accordingly there is no equivalent risk in relation to the Scottish Mortgage Loans and their Related Security.

English law security and insolvency considerations. The LLP entered into the Deed of Charge on the Initial Programme Date, pursuant to which it granted the Security in respect of its obligations under the Covered Bond Guarantee (as to which, see "*Transaction Documents – Deed of Charge*"). In certain circumstances, including the occurrence of certain insolvency (or certain pre-insolvency) events in respect of the LLP, the ability to realise the Security may be delayed and/or the value of the Security impaired. In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, amongst other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of ipso facto clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the "**Restructuring Plan**") that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. Whilst the Issuer and the LLP are expected to be exempt from the application of the new moratorium regime and the ban on ipso facto clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change.

Whilst the transaction structure is designed to minimise the likelihood of the LLP becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Covered Bondholders and there can be no assurance that the LLP will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the Covered Bondholders would not be adversely affected by the application of insolvency laws (including English insolvency laws and, if appropriate, Scottish insolvency laws or the laws affecting creditors' rights generally).

In addition, it should be noted that, to the extent that the assets of the LLP are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of sections 174A, 176ZA and 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy expenses of the insolvency proceeding, the claims of Secured Creditors under the Deed of Charge may be used to satisfy any claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. While certain of the covenants given by the LLP in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the LLP has any other such creditors at any time. There can be no assurance that the Covered

Bondholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

Pursuant to the modifications made by the RCB Regulations to (amongst other things) the Insolvency Act 1986, the provisions set out above in respect of Section 176A will not apply with respect to the LLP and its floating charge assets.

Liquidation expenses. Under the Insolvency Act 1986 the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating chargeholder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016 (as amended) as applied to LLPs by virtue of the Insolvency (Miscellaneous Amendments) Regulations 2017 (SI-2017/1119).

It appears that the provisions referred to above apply in respect of limited liability partnerships in general and/or to owners under the RCB Regulations. Therefore, in a winding-up of the LLP (whether or not the RCB Regulations apply), floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses (including certain super-priority expenses, if the RCB Regulations apply to the LLP).

There can be no assurance that the Covered Bondholders will not be adversely affected by such a reduction in floating charge realisations.

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.

Potential effects of any additional regulatory changes. In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the UK, the FCA, the PRA and the CMA have recently carried out, or are currently conducting, several enquiries across the financial services industry, including in markets in which the Issuer operates and in relation to products the Issuer offers. In recent years there have been several issues in the UK financial services industry in which the FCA has intervened directly, including the sale of personal pensions and the sale of mortgage-related endowments. 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.

Banking Act 2009. The Banking Act 2009, as amended (the "**Banking Act**") includes (among other things) 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 certain authorised 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. 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 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.

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 authorities under the Banking Act and how the UK authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act in respect of a relevant entity described above, such action may (among other things) affect the ability of the relevant entities to satisfy their obligations under the Transaction Documents (including limiting the capacity to meet any repayment obligations) and/or result in the cancellation, modification or conversion 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 and/or in other 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 relevant entities, 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 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 any of the entities referred to above 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

to be ordered 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.

Lastly, as a result of 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 and/or certain group companies (such as a relevant Covered Bond Swap Provider) could be subject to certain resolution actions in that 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.

Regulatory initiatives and reforms 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 Dealers or the Arranger makes any representation to any prospective investor or purchaser of the Covered Bonds regarding the treatment of their investment on the date of issuance of any Covered Bond 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 (such changes are collectively referred to as "**Basel III**") in respect of reforms finalised prior to 7 December 2017 and **Basel IV** in respect of reforms finalised on or following that date), including additional capital requirements, higher capital ratios, more stringent eligibility requirements for capital instruments, a new leverage ratio and liquidity requirements. The original components of the Basel III reform package were implemented in the EEA, which at the time included in the UK, through Regulation (EU) No 575/2013 (the **Capital Requirements Regulation** or **CRR**) and Directive 2013/36/EU (the **Capital Requirements Directive** or the **CRD IV**), which were onshored in the UK by virtue of the EUWA. The BCBS released a statement on 3 October 2023 which shows good progress among member states in implementing Basel III standards. However, 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.

It should also be noted that in November 2019, the European Parliament and the Council finalised the legislative package on covered bond reforms made up of a new covered bond directive (Directive (EU) 2019/2162) and a new regulation (Regulation (EU) 2019/2160), which entered into force on 7 January 2020 with the deadline for application on 8 July 2022 (both texts have relevance for the EEA and are to be implemented in due course in other countries in the EEA). The new covered bond directive replaces current Article 52(4) Directive 2009/65/EC (the "**UCITS Directive**") and establishes a revised common baseline for issue of covered bonds for EU regulatory purposes (subject to various options that Member States may choose to exercise when implementing the new directive through national laws). The new regulation has been directly applicable in the EU from 8 July 2022 and it amends Article 129 of the Regulation (EU) 575/2013 (for these purposes, the "**EU CRR**") (and certain related provisions) and further strengthens the criteria for covered bonds that benefit from preferential capital treatment under the EU CRR regime. In the UK, the impact of the EU covered bond directive on the UK covered bond regime remains unclear. Therefore, there can be no assurances or predictions made as to the precise effect of the new regime on the Covered Bonds.

In addition, preferential regulatory treatment under Article 129 of the EU CRR is no longer available in respect of the Covered Bonds as a result of the UK's exit from the EU. Furthermore, the Covered Bonds will not be grandfathered under the EU covered bond reforms, once these become applicable, given that

the new covered bond directive provides for permanent grandfathering Article 52(4) UCITS Directive-compliant covered bonds issued by an issuer with its registered office in an EU member state before the relevant application date, provided there is continued supervision by the relevant designated competent authority in the EU (similar grandfathering provisions are also provided for in the draft regulation). The Covered Bonds may be eligible as Level 2A assets under Delegated Regulation (EU) 2018/1620 (as amended), provided that certain equivalence and transparency requirements are met, as to which no assurances are made and prospective investors should therefore make themselves aware of the changes in addition to any other applicable regulatory requirements with respect to their investment in the Covered Bonds.

EU CRA Regulation and UK CRA Regulation. One or more independent credit rating agencies may assign credit ratings to the Covered Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) are restricted under the EU CRA Regulation from using credit ratings issued by a credit rating agency for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to certain transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Covered Bonds changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Covered Bonds may have a different regulatory treatment, which may impact the value of the Covered Bonds and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Pensions Act 2004. Under the Pensions Act 2004, a person that is "connected to" 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 cover at least 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 (a) engaging in proprietary trading as defined in the Volcker Rule, (b) acquiring or retaining an ownership interest in or sponsoring a "covered fund", and (c) entering into certain relationships with such funds. 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 its 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, the Arranger, 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 advisers regarding such matters and other effects of the Volcker Rule.

Impact of UK EMIR and EU EMIR on Swap Agreements. The derivatives markets are subject to extensive regulation in a number of jurisdictions, including in the UK pursuant to Regulation (EU) No 648/2012 of the European Parliament and Council on over-the-counter derivatives, central counterparties and trade repositories dated 4 July 2012 on OTC derivatives, central counterparties and trade repositories as amended and as it forms part of UK domestic law by virtue of the EUWA ("**UK EMIR**"), and in Europe pursuant to Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories as amended ("**EU EMIR**"). UK EMIR and EU EMIR establish certain requirements for OTC derivatives contracts, including: (i) a mandatory clearing obligation for certain classes of OTC derivative contracts (the "**Clearing Obligation**"), (ii) margin requirements, daily valuation and other risk mitigation techniques for OTC derivatives contracts not cleared by a central counterparty (the "**Risk Mitigation Requirements**") and (iii) certain reporting and record-keeping requirements. As a result of the UK leaving the EU and EMIR forming part of domestic UK law,

the Group has become subject to separate reporting, clearing and margining obligations under UK EMIR which may diverge from the equivalent requirements under EU EMIR over time.

Under UK EMIR and/or EU EMIR, counterparties can be classified as (i) financial counterparties (FCs) (which includes a sub-category of small FCs) and (ii) non-financial counterparties whose positions, together with the positions of all other non-financial counterparties in its "group" (as defined in UK EMIR and/or EU EMIR, as applicable), in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold ("**NFC+s**"). Whereas FCs (excluding small FCs) and NFC+ entities must clear OTC derivatives contracts that are entered into on or after the effective date for the relevant Clearing Obligation, such obligation does not apply in respect of non-financial counterparties having gross national derivative exposures below the "clearing threshold" ("**NFC-s**"). OTC derivatives contracts entered into by NFC+ and FC entities (and/or third country equivalent entities) with each other that are not cleared by a central counterparty may be subject to the relevant margining requirement and the relevant daily valuation obligation under UK EMIR and/or EU EMIR. On the basis that the LLP is an NFC- for the purposes of UK EMIR and/or EU EMIR, OTC derivatives contracts that are entered into by the LLP are not subject to the Clearing Obligation or any margining requirements under UK EMIR and/or EU EMIR.

OTC derivatives contracts that are not cleared by a central counterparty are also subject to certain other Risk Mitigation Requirements, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. These requirements are already in effect. In order to comply with certain of these Risk Mitigation Requirements, the LLP includes appropriate provisions in each Swap Agreement and the related Transaction Documents.

If the LLP's counterparty status changes to an NFC+ or FC for the purposes of UK EMIR and/or EU EMIR, this may result in the application of the relevant Clearing Obligation or (more likely) the relevant margining requirements and the relevant daily valuation obligation under the Risk Mitigation Requirements (the "**Margin Obligation**"), as it seems unlikely that any of the Swap Agreements would be a relevant type of OTC derivatives contract that would be subject to the Clearing Obligation under UK EMIR and/or EU EMIR to date. It should also be noted that the relevant Margin Obligation should not apply in respect of swaps entered into prior to the relevant application date, unless such a swap is materially amended on or after that date. Where the relevant swap counterparty is a UK entity, an exemption from the Clearing Obligation under UK EMIR and/or EU EMIR and a partial exemption in respect of the Margin Obligation under UK EMIR and/or EU EMIR may be available in respect of the Total Return Swaps and Covered Bond Swaps, provided that the applicable conditions are satisfied.

The applicable conditions require that:

- (a) the Total Return Swap and the Covered Bond Swaps are used only to hedge interest rate or currency mismatches under the covered bonds; and
- (b) the arrangements under the covered bonds adequately mitigate counterparty credit risk with respect to the Total Return Swap and the Covered Bond Swaps concluded by the LLP in connection with the covered bonds,
- (c) and with respect to the partial exemption from the Margin Obligation only:
- (d) the netting set does not include OTC derivative contracts unrelated to the cover pool of the covered bonds; and
- (e) the covered bond to which the OTC derivative contract is associated meets the requirements of paragraphs (1), (2) and (3) of Article 129 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment funds amending Regulation (EU) 648/2012 amended and as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

Arrangements under covered bonds shall be considered to adequately mitigate counterparty credit risk, where the OTC derivative contracts concluded by the relevant covered bond entity in connection with the covered bonds comply with all of the following criteria:

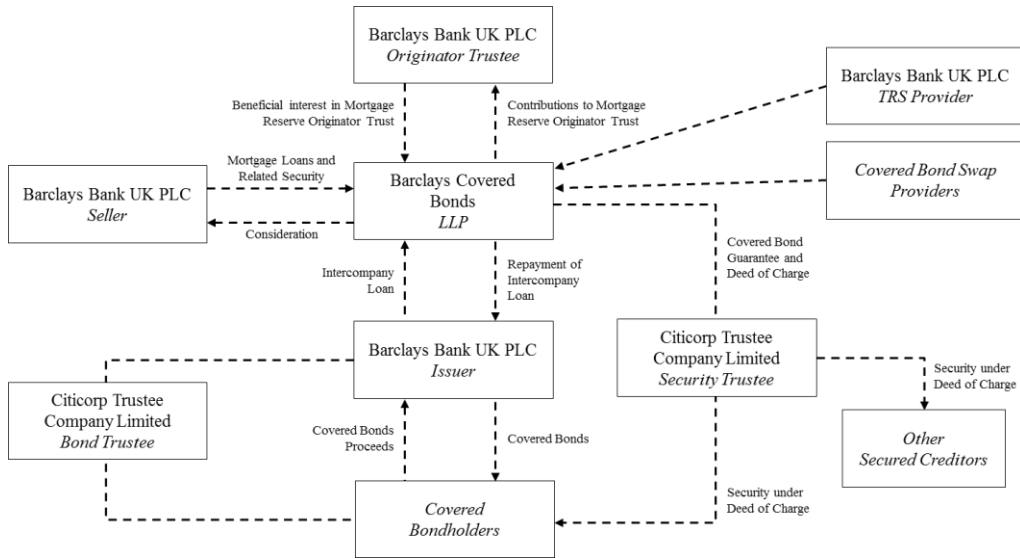
- (i) those OTC derivative contracts are registered or recorded in the cover pool of the covered bond in accordance with national legislation on covered bonds;

- (ii) those OTC derivative contracts are not terminated in case of resolution or insolvency of the covered bond issuer or the cover pool;
- (iii) the counterparty to the OTC derivative contract concluded with covered bond issuers or with cover pools for covered bonds ranks at least pari passu with the covered bond holders, except where the counterparty to the OTC derivative contract concluded with covered bond issuers or with cover pools for covered bonds is the defaulting or the affected party, or waives the pari passu rank; and
- (iv) the covered bonds are subject to a regulatory collateralisation requirement of at least 102 per cent.

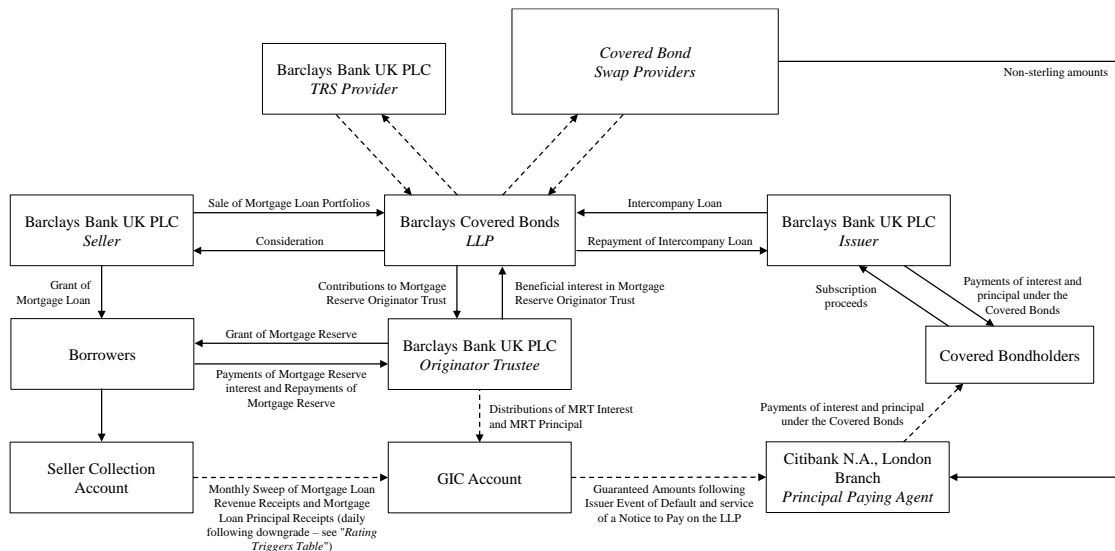
Pursuant to the partial exemption in respect of the Margin Obligation, initial margin does not need to be posted or collected, but the LLP would be required to collect variation margin in the form of cash from its swap counterparty under in-scope Swap Agreements and return cash collected when due. If it was necessary and possible for the LLP to rely on this partial exemption, this requirement may increase the costs of entering into Swap Agreements for the LLP.

The exemption from the Clearing Obligation and partial exemption from the Margin Obligation are only likely to become relevant should the status of the LLP change from an NFC- to an NFC+ or FC under UK EMIR and/or EU EMIR and, if clearing is applicable, should the Interest Rate Swaps and Covered Bond Swaps be regarded as a type that is subject to the relevant Clearing Obligation.

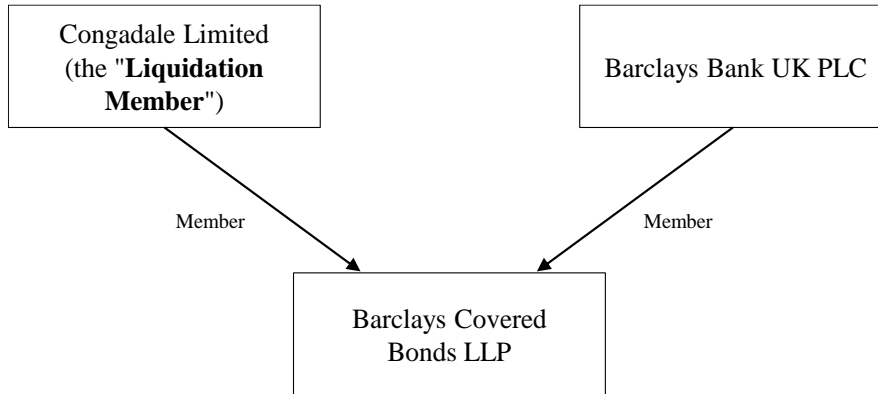
DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



DIAGRAMMATIC OVERVIEW OF THE ONGOING CASHFLOWS



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
Issuer	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.
LLP	Barclays Covered Bonds LLP	1 Churchill Place, London, E14 5HP	N/A; see the section entitled " <i>The LLP</i> " for further information.
Seller	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.
Originator Trustee	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.
Administrator	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.
Cash Manager	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	Appointed under the Cash Management Agreement; see the sections entitled " <i>Cashflows</i> " and " <i>Summary of the Principal Documents – Cash Management Agreement</i> " for further information.
TRS Provider	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.
Covered Bond Swap Provider(s)	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.
Account Bank	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	Appointed under the Account Bank Agreement; see the section entitled " <i>Summary of the Principal Documents – Account Bank Agreement</i> " for further information.

Party	Name	Address	Document under which appointed/Further Information
Standby Account Bank	Citibank N.A., London Branch	Citigroup Centre, Canada Square, London E14 5LB	Appointed under the Standby Account Bank Agreement; see the section entitled " <i>Summary of the Principal Documents – Standby Account Bank Agreement</i> " for further information.
GIC Provider	Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP	Appointed under the Account Bank Agreement; see the section entitled " <i>Summary of the Principal Documents – Account Bank Agreement</i> " for further information.
Swap Collateral Cash Account Bank	HSBC Bank plc	8 Canada Square, London, E14 5HQ	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.
Securities Custodian	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.
Security Trustee	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.
Bond Trustee	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.
Registrar	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.
Principal Paying Agent	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.
Exchange Agent and Transfer Agent	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.
Asset Monitor	PricewaterhouseCoopers LLP	7 More London, Riverside,	Appointed under the Asset Monitor Agreement; see the section entitled " <i>Summary of the Principal</i> "

Party	Name	Address	Document under which appointed/Further Information
		London SE1 2RT	<i>Documents – Asset Monitor Agreement</i> for further information.
Asset Pool Monitor	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.
Liquidation Member	Congadale Limited	1 Bartholomew Lane, London, EC2N 2AX	N/A; see the section entitled " <i>The LLP</i> " for further information.
Corporate Services Provider	Intertrust Management Limited	1 Bartholomew Lane, London, EC2N 2AX	Appointed under the Corporate Services Agreement; see the section entitled " <i>Summary of the Principal Documents – Corporate Services Agreement</i> " for further information.
Listing Authority and Stock Exchange	FCA 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.

Sale of Mortgage Loan Portfolio	<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, 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.</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 Term Tracker 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>										
Features of Mortgage Loans	<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: 5px;">Type of Borrower</td> <td style="padding: 5px;">Prime</td> </tr> <tr> <td style="padding: 5px;">Type of mortgage</td> <td style="padding: 5px;">Repayment and interest only</td> </tr> <tr> <td style="padding: 5px;">Self-certified Loans</td> <td style="padding: 5px;">No</td> </tr> <tr> <td style="padding: 5px;">Fast-track Loans</td> <td style="padding: 5px;">Yes</td> </tr> <tr> <td style="padding: 5px;">Buy-to-let Loans</td> <td style="padding: 5px;">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										
Consideration	<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 respect to the Mortgage Loan Portfolio.</p>
Eligibility Criteria	<p>Any New Mortgage Loans and the Related Security must comply with, among other things, the following criteria on each relevant Transfer Date:</p> <p>(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);</p> <p>(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;</p> <p>(c) the weighted average yield on the Portfolio is at least 0.30 per cent. greater than the SONIA Spot Rate published on the final London Business Day in the previous Calculation Period;</p> <p>(d) no Mortgage Account has an Aggregate Debt Limit of more than £1,500,000;</p> <p>(e) no Mortgage Loan relates to a Property which is not a residential Property;</p> <p>(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</p> <p>(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.</p> <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.</p>
Representations and Warranties	<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> <p>(a) legal nature of the Mortgage Loans and their Related Security (i.e. the valid, binding and enforceable nature of the relevant Mortgage Loan and the Related Security);</p> <p>(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;</p>

	<p>(c) each relevant Mortgaged Property is located in England, Wales, Northern Ireland or Scotland;</p> <p>(d) the Borrower has a good and marketable title to the relevant 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>
Lending Criteria	<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, provided that 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>
Establishment of the Mortgage Reserve Originator Trust	<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>
Initial MRT Contribution	<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>

Additional MRT Contribution	<p>The LLP, pursuant to the terms of the Mortgage Reserve Originator Trust Deed, is required to make an Additional MRT Contribution on (a) 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 (b) 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>
Funding an Additional MRT Contribution	<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"> (a) from any Available Principal Receipts which are available on an LLP Payment Date; (b) from any sum received by the LLP pursuant to a Term Advance under the Intercompany Loan Agreement on any Transfer Date; and/or (c) by way of a Seller Mortgage Reserve Capital Contribution.
Deferred MRT Contributions	<p>Pursuant to the terms of the Mortgage Reserve Originator Trust Deed, the LLP shall from time to time 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>
MRT Interest Amounts	<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>
MRT Principal Amounts	<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>
Repurchase of the Mortgage Loans	<p>The Seller will repurchase the relevant Mortgage Loans and their Related Security in the following circumstances:</p>

	<p>(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);</p> <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>(i) upon a Mortgage Account becoming a Defaulted Mortgage Account;</p> <p>(ii) pursuant to a general right to repurchase (subject to the agreement of the LLP); and</p> <p>(iii) if the Seller exercises 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>
Consideration for Repurchase	<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>
Sale of Selected Mortgage Accounts	<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</p>

	<p>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>
Perfection Events	<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"> (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 order of a court, regulatory or other authority with whom it is customary for the Seller to comply; (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; (d) it becoming necessary by law; (e) (with certain caveats) the termination of the Seller's role as Administrator under the Administration Agreement; (f) the Seller requesting a transfer by giving notice in writing to the LLP and the Security Trustee; (g) insolvency of the Seller; and (h) downgrade of the Seller to below the agreed ratings (as to which see below "<i>Triggers Tables – Rating Triggers Table – Transaction Parties</i>").
	<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 Cover Pool – 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>
Servicing of the Mortgage Loan Portfolio	<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"> (a) downgrade of the Administrator to below the agreed ratings (as to which see below "<i>Triggers Tables – Rating Triggers Table – Transaction Parties</i>"); (b) failure to pay any amount due under the Administration Agreement to the LLP which is not remedied within five Business Days;

	<p>(c) insolvency of the Administrator;</p> <p>(d) material non-performance; or</p> <p>(e) failure to maintain the necessary licences or regulatory 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 on substantially 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>
Delegation	<p>The Administrator may delegate some of its servicing function to a third party provided that 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.

Programme Size	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.
Distribution	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ".
Specified Currencies	As set out in the applicable Final Terms.
Issue Price	Covered Bonds may be issued at par or at a premium or discount to par on a fully paid basis, in each case, as specified in the applicable Final Terms.
Form of Covered Bonds	<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">(a) Fixed Rate Covered Bonds;(b) Floating Rate Covered Bonds; or(c) Zero Coupon Covered Bonds, <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>
Hard Bullet Covered Bonds	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.
Instalment Covered Bonds	Covered Bonds may be issued which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms.
Redemption	<p>The applicable Final Terms will indicate that the relevant Covered Bonds:</p> <ul style="list-style-type: none">(a) cannot be redeemed prior to their stated maturity;(b) can be redeemed for taxation reasons;(c) can be redeemed in the case of illegality, if applicable; and(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), <p>in each case, as set out in the applicable Final Terms.</p>
Maturities	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.
Final Redemption	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) (<i>Final redemption</i>). 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 <i>pari passu</i> 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) (<i>Final redemption</i>). 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 (<i>Interest</i>) 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 " <i>Terms and Conditions of the Covered Bonds</i> ".
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 (<i>Taxation</i>). If any such deduction or withholding is made, the Issuer will, save in the limited circumstances provided in Condition 7 (<i>Taxation</i>), 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 (<i>Taxation</i>).
ERISA Considerations	Subject to the limitations described under " <i>ERISA Considerations</i> ", the Covered Bonds (or any interest therein) generally are eligible for purchase by or on behalf of an "employee benefit plan" as defined in section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (" ERISA ") that is subject to Part 4 of Subtitle B of Title I of ERISA, a "plan" as defined in section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the " Code "), that is subject to section 4975 of the Code or any entity whose underlying assets include the assets of any such employee benefit plan or plan, subject to certain conditions. See " <i>ERISA Considerations</i> " 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 Regulation. 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 FCA 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 FCA 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 217 does not relate to such other Covered Bonds, in respect of which special tax considerations may apply.

Covered Bond Guarantee

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.

Issuer Events of Default

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

- (a) non-payment of interest or principal in respect of the Covered Bonds;
- (b) breach of contractual obligations by the Issuer under the Covered Bonds and the Transaction Documents;
- (c) insolvency of the Issuer;
- (d) breach of the Asset Coverage Test on a Calculation Date which is not remedied by the immediately succeeding Calculation Date; and
- (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 11 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.

LLP Events of Default

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

- (a) non-payment of Guaranteed Amounts;
- (b) breach of contractual obligations by the LLP under the Covered Bonds and the Transaction Documents;
- (c) insolvency of the LLP; and
- (d) breach of Amortisation Test.

Governing Law

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 (including by way of conference call or by use of a videoconference platform) 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 (including by way of conference call or by use of a videoconference platform) of the holders of the Covered Bonds of all Series then outstanding (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
Meeting provisions**

Notice Periods

<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 then current ratings of the Covered Bonds; and

- (d) removal of the Bond Trustee and approval of the appointment or removal of the Security Trustee.

**Relationship
between Series of
Covered
Bondholders**

In connection with the exercise by it of any of its trusts, powers and discretions, the Bond Trustee and the Security Trustee shall have regard to the general interests of the holders of the Covered Bonds of each Series as a class. An Extraordinary Resolution passed at any meeting (including by way of conference call or by use of a videoconference platform) 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 (including by way of conference call or by use of a videoconference platform) of the holders of Covered Bonds of more than one Series if, in the opinion of the Bond Trustee, there is no conflict between the holders of such Covered Bonds.

**Relationship
between Covered
Bondholders and
other Secured
Creditors**

In exercising any of its powers, trusts, authorities and discretions under the Trust Deed, the Covered Bonds 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.

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.

**Provision of
Information to the
Covered
Bondholders**

The Cash Manager will provide a monthly report containing, *inter alia*, 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 <https://home.barclays/investor-relations/fixed-income-investors/prospectus-and-documents/secured-funding-covered-bonds/>. This website and its contents are not incorporated into and do not form part of this Base Prospectus.

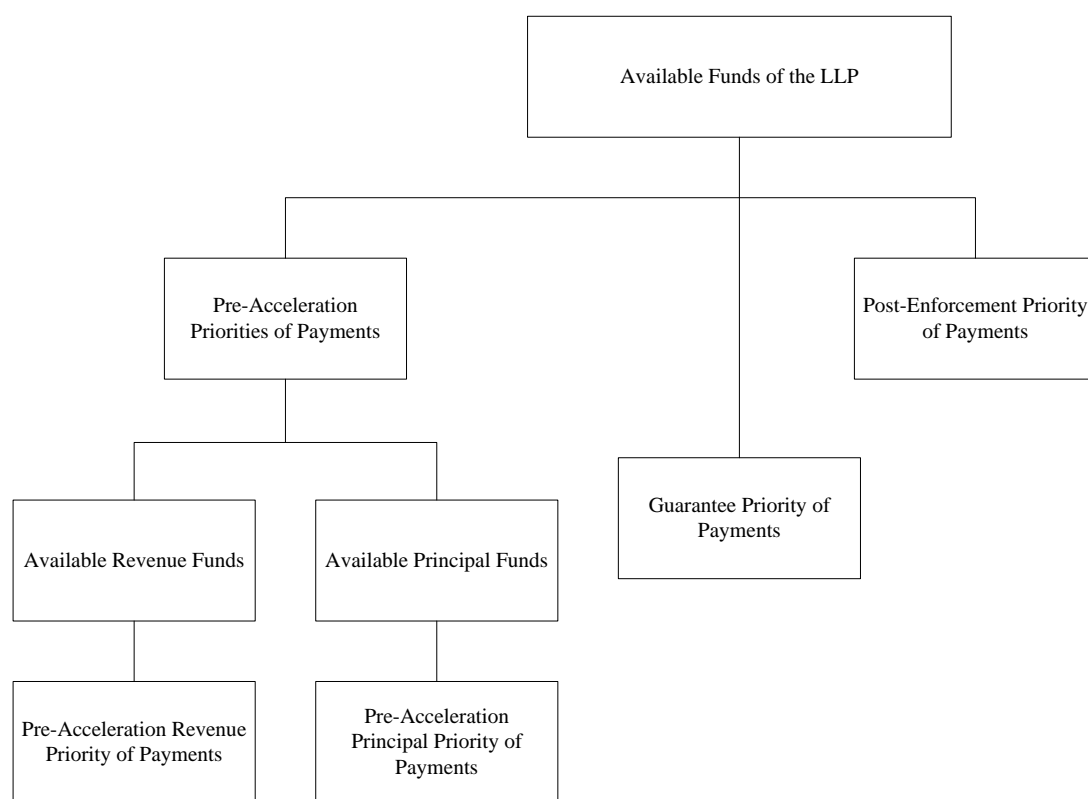
**Communication
with Covered
Bondholders**

Any notice to be given by the Issuer or the Bond Trustee to Covered Bondholders shall be given in the following manner:

- (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;
- (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;
- (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
- (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.

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 as may be separately agreed between the LLP and the GIC Provider from time to time.

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
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>		
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 is 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, Standby Account Bank, Swap Collateral Cash 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: <ul style="list-style-type: none"> (a) Trustees (b) Paying Agents (c) Senior expenses, namely Administrator, Cash Manager, Account Bank, Standby Account Bank, Swap Collateral Cash Account Bank and Corporate Services Provider (d) TRS Provider (other than Excluded Swap Termination Amounts)

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>		
			(e) All amounts due to each Covered Bond Swap Provider and to the Bond Trustee or Principal Paying Agent in respect of Scheduled Interest 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, Standby Account Bank, Swap Collateral Cash 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	4. Repayment of amounts outstanding under the Intercompany Loan Agreement

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>		
		Termination Amounts)	
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 Covered Bonds	6. Payment of indemnity amounts due to the Members
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	

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>		
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 Amounts		12. Payment of indemnity amounts due to the Members and the 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	

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>		
		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 "*Triggers 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 (a) the outstanding balance of the Mortgage Loans, (b) the MRT Interest Amounts distributed to the LLP pursuant to the Mortgage Reserve Originator Trust Deed, (c) amounts standing to the credit of the GIC Account, and (d) 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 a compounded daily SONIA rate plus 1.09080 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:

- The 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 compounded daily SONIA.
- 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> "	

<u>Transaction Party:</u>	<u>Required Ratings/Triggers:</u>	<u>Possible effects of Trigger being breached include the following:</u>
TRS Provider	<p>The rating of the long-term and/or short-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>The consequences of such a downgrade under the TRS Agreement include:</p> <ul style="list-style-type: none"> (a) TRS Provider to transfer collateral in accordance with the Credit Support Annex; (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; (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; (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 (e) Termination of the TRS 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 – Total Return Swap</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"> (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; (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 Bond Swap Agreement;

<u>Transaction Party:</u>	<u>Required Ratings/Triggers:</u>	<u>Possible effects of Trigger being breached include the following:</u>
		<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	Either GIC Account, Euro Transaction Account or 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
	The consequences of the relevant required ratings being breached are set out in more detail in " <i>Summary of the Principal Documents –Account Bank Agreement</i> ".	
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	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 alternative administration agreement with a third party which has the required</p>

<u>Transaction Party:</u>	<u>Required Ratings/Triggers:</u>	<u>Possible effects of Trigger being breached include the following:</u>
		ratings within 60 days of the downgrade
	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> ".	
Cash Manager	Long-term ratings of the Cash Manager or the Issuer fall below BBB- by S&P, Baa3 by Moody's or BBB- by Fitch	(a) Asset Monitor required to report on arithmetic accuracy of the Cash Manager's calculations more frequently
	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> ".	

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.	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 at least 0.65 per cent. plus the SONIA Spot Rate published on the final London Business Day in the previous Calculation Period. 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

<u>Nature of Trigger:</u>	<u>Description of Trigger:</u>	<u>Consequence of Trigger:</u>
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.	Breach of the Amortisation Test on any Calculation Date following service of a Notice to Pay on the LLP leads to an LLP Event of Default
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:

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 board 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 Issuer.

Barclays is a diversified bank with five operating divisions comprising: Barclays UK, Barclays UK Corporate Bank, Barclays Private Bank and Wealth Management, Barclays Investment Bank and Barclays US Consumer Bank; which are supported by Barclays Execution Services Limited, the group-wide service company providing technology, operational and functional services to businesses across the Group.

The Issuer is the ring-fenced bank within the Group (i.e. it was established to meet the regulatory ring-fencing requirements in accordance with the Financial Services (Banking Reform) Act 2013 and related legislation). The Issuer and its subsidiaries (the “**BBUKPLC Group**”) broadly contains the businesses that sit within Barclays UK, comprising Personal Banking, Business Banking and Barclaycard Consumer UK. The Personal Banking business offers retail solutions to help customers with their day-to-day banking needs, the UK Business Banking business serves business clients, from high growth start-ups to small and medium-sized businesses, with specialist advice and the Barclaycard Consumer UK business offers flexible borrowing and payment solutions. The remaining divisions broadly represent the businesses that sit within the non-ring fenced bank, Barclays Bank PLC, and its subsidiaries.

Barclays UK Corporate Bank offers lending, trade and working capital, liquidity, payments and FX solutions for corporate clients with turnover from £6.5 million (excluding those clients that form part of the FTSE 350 Index (the “**FTSE350**”). Barclays Private Bank and Wealth Management comprises the Private Bank, Wealth Management and Investments businesses. Barclays Investment Bank incorporates the Global Markets, Investment Banking and International Corporate Banking businesses, serving FTSE350, multinationals and financial institution clients that are regular users of Investment Bank services. Barclays US Consumer Bank represents the US credit card business, focused in the partnership market, as well as an online deposit franchise.

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 UK and registered under the UK 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>
Vimlesh Maru	Executive Director	None
Avid Larizadeh Duggan	Non-Executive Director	Non-Executive Director, Barclays Execution Services Limited; Related Party, Ontario Teachers' Pension Plan; Director, Lendable Limited; Director, IVXS UK Limited; Director, Kry International AB; Director, Taxfix GmbH; Director, Beamery Limited.
Michael Keith Jary	Non-Executive Director	Chair, Kensington Mortgage Company Limited; Chair, Duchy Originals Limited;

<i>Name</i>	<i>Function(s) with the Issuer</i>	<i>Principal Outside Interests</i>
Christopher John Pilling	Non-Executive Director	Chair, ITAD (2015) Limited; Chair, A.G. Carrick Limited; Trustee, The King's Foundation; Senior Advisor, OC&C Strategy Consultants LLP; Trustee, Opera Holland Park; Chair, The Michael Jary Charitable Trust; Director, Community Capital Limited; UK Government's Lead Non-Executive Director. Non- Executive Director, Musgrave Group plc; Non-Executive Director, Musgrave Limited; Director, Firestarter Marketing Solutions Limited; Non-Executive Director, UK Sport; Independent Member, Department for Digital, Culture, Media & Sport's COVID Loans Committee.
Andrew Nicholas Ratcliffe	Non-Executive Director	Non-executive Director, Kensington Mortgage Company Limited; Director/Trustee, The National Garden Scheme Limited; Council Member, Mayfield and Five Ashes Parish Council; Director, CAT Limited; Trustee, Royal College of Music; Trustee, University of London.
Tracy Joan Corrigan	Non-Executive Director	Non-Executive Director, Direct Line Insurance Group PLC; Director, U K Insurance Limited; Director, Churchill Insurance Company Limited; Non-Executive Director, Domino's Pizza Group PLC; Director, The Scott Trust Limited; Chair, The Scott Trust Endowment Limited.
Vanessa Ann Bailey	Non-Executive Director	Non-Executive Director, Wells Fargo Securities International Limited; Non-Executive Director, Pleo Financial Services A/S; Non-Executive Director, Pleo Holding ApS; Non-Executive Director, Pleo Technologies A/S; Non-Executive Member, Saphilux S.à r.l.
Sir John Kingman	Non-Executive Director	Non-Executive Director, Barclays PLC; Non-Executive Director, Legal & General Group PLC; Trustee, The National Gallery.
Claire Peel	Executive Director	Director, Barclays Insurance Services Company Limited.
John Liver	Non-Executive Director	Director, Rethink Mental Illness; Director, John Liver Consulting Limited.
Bernadette Wightman	Non-Executive Director	Related Party, Genesys 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 22 (*Provisions*) and Note 24 (*Legal, competition and regulatory matters*) to the

condensed consolidated financial statements for the year ended 31 December 2023 on pages 213 and 215-216 respectively, of the 2023 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.

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 while 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:

<u>Name</u>	<u>Principal Office</u>
Barclays Bank UK PLC	1 Churchill Place, London, E14 5HP
Liquidation Member	1 Bartholomew Lane, London, EC2N 2AX

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.

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Intertrust Directors 1 Limited	1 Bartholomew Lane, London, EC2N 2AX	Acting as corporate company director of special purpose companies
Intertrust Directors 2 Limited	1 Bartholomew Lane, London, EC2N 2AX	Acting as corporate company director of special purpose companies
Paivi Helena Whitaker	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited

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

<u>Name</u>	<u>Business address</u>	<u>Principal Activities</u>
Paivi Helena Whitaker	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited

Name	Business address	Principal Activities
Ian Hancock	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
Wenda Margaretha Adriaanse	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
Alasdair Watson	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
Raheel Khan	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
Jackie Sarpong	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
Oskari Tammenmaa	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
Robert Pitcher	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
John Paul Nowacki	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
Debra Amy Parsall	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited
Aline Sternberg	1 Bartholomew Lane, London, EC2N 2AX	Director, Intertrust Management Limited

The directors of Barclays Bank UK PLC are set out under "Directors" on pages 80 and 81 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 2022.

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 8 May 2019 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 8 May 2019 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 8 May 2019 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 Barclays Bank UK PLC (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 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 Portfolio is at least 0.30 per cent. greater than the SONIA Spot Rate published on the final London Business Day in the previous Calculation Period;
- (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 administrator 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 or (b) the laws of Northern Ireland shall be construed in accordance with Scots law or 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 8 May 2019 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) has entered into or 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 8 May 2019 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 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 the first day of the calendar month, the overdue amounts which were due in the previous month 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 and 2 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 can 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 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 settle arrears in full, 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 excess" 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 in accordance with the account's terms and conditions. While 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:

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. Arrears will continue to accrue during this time.

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

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.

Voluntary House Sale: this is not a forbearance option on its own, but may occur where the customer opts to sell their property to alleviate their financial difficulty. This can combine with a forbearance option (i.e. reduced payment concession) to allow time 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 12 months). Capitalisation may not be offered to customers more than once in a five-year period and is considered a forbearance treatment.

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 the 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, Credit Risk, Product and Operations). The customer review panel review all cases based upon their detailed individual and prevailing factors to assess and agree upon the most appropriate course of action which may result in a bespoke agreement (i.e., extra time to pay or an out of standard policy forbearance plan being set etc).

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 Loans and the Reference Mortgage Reserves in the then current Reference Mortgage Reserve Portfolio of at least 0.65 per cent. plus the SONIA Spot Rate published on the final London Business Day in the previous Calculation Period (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 8 May 2019 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 1 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 8 May 2019 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 8 May 2019 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 (while 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, while the Covered Bonds are outstanding, the Security Trustee. While 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, while 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 8 May 2019 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 a compounded daily SONIA rate plus 1.09080 per cent. The compounded daily SONIA 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 the 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 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 a compounded daily SONIA rate. The compounded daily SONIA 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 5 December 2019 between the LLP, Barclays Bank PLC (in its capacity as account bank (the "**Account Bank**")), the Cash Manager and the Security Trustee, the LLP agreed to maintain certain accounts of the LLP with Barclays Bank PLC (as the same may be amended, amended and restated and/or supplemented from time to time, the "**Account Bank Agreement**").

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 LLP Accounts are operated in accordance with the Account Bank Agreement, the Cash Management Agreement, the LLP Deed and the Deed of Charge.

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 with the Standby Account Bank or to the extent the Standby Account Bank is not a Qualified Institution, with a Qualified Institution, 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.

Standby Account Bank Agreement

Pursuant to the terms of a standby account bank agreement entered into on 5 December 2019 between the LLP, Citibank N.A., London Branch (in its capacity as standby account bank (the "**Standby Account Bank**")), the Cash Manager and the Security Trustee, the LLP agreed to maintain certain standby accounts of the LLP with Citibank N.A., London Branch (as the same may be amended, amended and restated and/or supplemented from time to time, the "**Standby Account Bank Agreement**").

Pursuant to the terms of the Standby Account Bank Agreement, the LLP opened a Standby Euro Transaction Account, Standby USD Transaction Account and a Standby GIC Account (together, the "**Standby LLP Accounts**") with the Standby Account Bank, in order for the LLP to accept amounts denominated in euro, U.S. Dollar and Sterling in the event that the Account Bank ceases to be a Qualified Institution. The Standby LLP Accounts are operated in accordance with the Standby Account Bank Agreement, the Cash Management Agreement, the LLP Deed and the Deed of Charge.

If the Standby Account Bank ceases to be a Qualified Institution, there will be a requirement that the Standby 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 Standby 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 HSBC Bank plc (the "**Swap Collateral Cash Account Bank**"), the Issuer, the Cash Manager and the Security Trustee on 5 December 2019 (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 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.

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 8 May 2019 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 8 May 2019 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 8 May 2019 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 UK EMIR and/or EU 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 as shall be agreed between the GIC Provider and the LLP from time to time.

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 twelve months from the relevant Pre-Maturity Test Date (the "S&P Pre-Maturity Trigger");
- (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) ten 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 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 while 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 while 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 (if any) due and payable to the Standby Account Bank (including costs) pursuant to the terms of the Standby Account Bank Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
 - (e) amounts (if any) due and payable to the Swap Collateral Cash Account Bank (including costs) pursuant to the terms of the Swap Collateral Cash Account Bank Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
 - (f) 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;
 - (g) 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
 - (h) 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*, in or towards payment *pro rata* and *pari passu* in accordance with respective amounts thereof of any Negative Interest Indemnity Amounts to the Account Bank in accordance with the terms of the Account Bank Agreement, the Standby Account Bank in accordance with the terms of the Standby Account Bank Agreement and the Swap Collateral Cash Account Bank in accordance with the terms of the Swap Collateral Cash Account Bank;
- (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) under "*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; and
 - (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 (if any) due and payable to the Standby Account Bank (including costs) pursuant to the terms of the Standby Account Bank Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
 - (e) amounts (if any) due and payable to the Swap Collateral Cash Account Bank (including costs) pursuant to the terms of the Swap Collateral Cash Account Bank Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
 - (f) 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;
 - (g) 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
 - (h) 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;
- (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) above (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*, in or towards payment *pro rata* and *pari passu* in accordance with respective amounts thereof, to pay any Negative Interest Indemnity Amounts to the Account Bank in accordance with the terms of the Account Bank Agreement, the Standby Account Bank in accordance with the terms of the Standby Account Bank Agreement and the Swap Collateral Cash Account Bank in accordance with the terms of the Swap Collateral Cash 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 of:
 - (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;
 - (D) amounts due to the Standby Account Bank (including costs) pursuant to the terms of the Standby Account Bank Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein;
 - (E) amounts due to the Swap Collateral Cash Account Bank (including costs) pursuant to the terms of the Swap Collateral Cash Account Bank Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein; and
 - (F) 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*, in or towards payment *pro rata* and *pari passu* in accordance with respective amounts thereof, to pay any Negative Interest Indemnity Amounts to the Account Bank in accordance with the Account Bank Agreement, the Standby Account Bank in accordance with the Standby Account Bank Agreement and the Swap Collateral Cash Account Bank in accordance with the Swap Collateral Cash 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 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 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 of 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 ("**Term Tracker Rate Mortgage Loans**").

It should however be noted that all Mortgage Reserves associated with a Mortgage Loan will be subject 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 (excluding the payment of any amounts then due on the Mortgage Loan and other exclusions including business purposes and timeshare);
- (c) they are originated as owner occupied only. No Mortgage Loan in the Mortgage Loan Portfolio will be secured over a property used solely as a commercial property, guarantor 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 a rate linked to 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 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 (subject, in certain cases, to the requirement on the Borrower to pay an early repayment charge);
- (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; and
- (m) 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, 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); 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, which also results 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 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 Term Tracker 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 may 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*".

Flexible features

The Mortgage Loans are subject to a range of options that may be selected by Borrowers and that give such Borrowers greater flexibility in the timing and amount of payments made under the Mortgage Loans as well as access to additional advances under the Mortgage Loans. A Mortgage Loan that has one or more of these features is called a "**Flexible Mortgage Loan**".

The following options currently are available to a Borrower under a Flexible Mortgage Loan:

- **Overpayments.** Where permitted by the Mortgage Sale Agreement, the Borrower may make overpayments up to a certain amount at any time without incurring any early repayment charges. Any overpayments made by the Borrower increase the Borrower's overpayment balance, but do not affect the amount of the monthly payments until either the end of each period of 1 October in one year until 30 September in the next year or the anniversary of origination (the "**Mortgage Financial Year**") or a change in the tracker mortgage rate applicable to that Mortgage Loan, whereupon that monthly payments are adjusted. Overpayments may be made regularly by direct debit or as a lump sum. The Borrower's overpayment balance is not a bank account and is therefore not a protected deposit covered by the Financial Services Compensation Scheme or any similar scheme, and no interest is paid on it.

In general, Borrowers are not allowed to borrow back any amounts overpaid on their Mortgage Loan. However, in exceptional circumstances (for example, where the Borrower falls into severe financial difficulties or makes a manifest error in the amount of their monthly payment), Borrowers may be allowed to borrow back their overpayment balance

- **Underpayments.** Where permitted by the Mortgage Sale Agreement, the Borrower may underpay their monthly payment (in whole or in part) if the following conditions are satisfied:

- the request to make an Underpayment is sent in advance of the Monthly Payment Date (at least 14 days before the monthly payment is due);
- the Borrower is paying their monthly payments by direct debit;
- the requested Underpayment arrangement is for no more than six consecutive months;
- the Borrower's overpayment balance is equal to or greater than the total amount that the Borrower wishes to underpay; and
- the Borrower has not set up any other Underpayment arrangements in that Mortgage Financial Year.

If these conditions are not satisfied, then the Seller is not required to allow an Underpayment; however the Mortgage Conditions provide that the Seller may nevertheless allow Underpayments if the Borrower's overpayment balance is equal to or greater than the total amount that the Borrower wishes to underpay.

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. While 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 (via internal advisors located in the Seller's various bank branches or via telephone advisors and online applications through the Seller's website).

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, generally targeting customers with a lower loan to value 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. The Seller holds various authorisations and permissions under the FSMA including to arrange, enter into, administer and advise in respect of Regulated Mortgage Contracts and also to debt collect and administer debt.

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. All residential applications are processed through a decision engine (the **strategy manager software**), which is utilised to make all initial credit decisions and includes information sourced from Credit Reference Agencies. The strategy manager software contains all Barclays' credit lending strategies and is aligned to the Seller's credit risk policy. Lending decisions are based on data provided by the customer, data provided via a credit bureau, as well as additional third party information such as an independent valuation.

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 individual residential applications >£700,000. 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.

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 of 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, provided that it acts in accordance with the standard of a Prudent Mortgage Lender. 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 the strategy manager software 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 (or the Scottish equivalent) and details of any bankruptcy and a credit score is returned for each applicant.

Some of the factors used in making a lending decision are as follows at the time of origination of the Mortgage Loans:

Income details

All applicants must have their income validated or verified. Proof of income is obtained via the broker or internal mortgage advisor (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. Once an application has been submitted, an attempt will be made to validate income electronically using Barclays internal current account transactional data and/or 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 in the event that the automated attempt is unsuccessful or outside Barclays' tolerance and strategy.

Valuation

For re-mortgage transactions with an indexed loan-to-value ratio greater than 80 per cent., and for all purchase transactions that do not have a satisfactory automated valuation model result, a desktop or physical valuation of the property is required from the Seller's approved valuation suppliers. Desktop valuations are carried out remotely by RICs qualified surveyors across re-mortgage and purchase transactions up to 75 per cent loan-to-value ratio, and up to a value of £750,000 (£1,000,000 if situated in Greater London). Details of professional indemnity insurance held by the Seller's approved valuation suppliers 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. For re-mortgage transactions with a loan-to-value ratio up to and including 80 per cent., and for all purchase transactions, an automated valuation model may be used, subject to the property value being between £100,000 and £1,000,000 (£2,000,000 if situated in the Greater London and South East Region), to provide a valuation figure against which any lending can be assessed. This applies where the result is within acceptable risk tolerance and confidence levels. Transactions that fall outside these guidelines will be subject to a desktop or physical valuation.

A revaluation of the property generally does not occur after origination and there will no revaluation of any property for the purpose of the issue of any Covered Bonds.

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, heritable, leasehold and commonhold properties. In the case of leasehold properties, the minimum term of lease that must remain outstanding at the commencement of the mortgage term is 70 years. 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 re-mortgages, with an 85 per cent. LTV limit for additional borrowing. The Seller does not impose a maximum loan amount on its Mortgage Loans, however, loan amounts greater than £700,000 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 of 40 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 they 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 Mortgage Loan extends into retirement, the applicant has to demonstrate at the application stage that they will be able to afford the mortgage payments for the full term of the Mortgage Loan via referral to an underwriter.

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 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 and adjusted accordingly. The stressed repayment used in the affordability assessment is reviewed monthly and linked to market expectations of base rate movements over the next five years in line with the FCA's MCOB guidance.

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, a county court judgment, default or bankruptcy notice, or the Scottish equivalent) 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. Mortgage Loans that are the subject of an underwriting exception may be included in the Mortgage Portfolio, subject to the same requirements as other mortgage loans including, for example, satisfaction of the Eligibility Criteria.

Insurance Contracts

Borrowers are required to arrange for insurance on their Mortgaged Property for an amount equal to the full rebuilding cost of the Mortgaged Property. The Seller does not arrange insurance for Borrowers, nor does it have the benefit of any mortgage indemnity guarantee on its mortgage loan portfolio. Borrowers (or, in the case of leasehold property, the relevant Borrower's landlord) must therefore arrange for insurance independently. It is possible that a Borrower will fail to arrange insurance, and therefore that the Seller and the Issuer may not have the benefit of such insurance.

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 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, all of which comply with section 2 of the RCB Regulations. 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 transaction 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 of 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 Base Prospectus before making any investment decision. See also "*Risk Factors – Risks relating to the Covered Bonds – Risks relating to the RCB Regulations*" and "*Risk Factors – Risks 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 that of 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. Its 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 the 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, the Arranger 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.

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, and 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

Each of Euroclear and Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its 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 worldwide 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, the Arranger nor 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 SA/NV ("**Euroclear**") and Clearstream Banking, SA ("**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 depository (the "**Common Depository**") for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system.

If the applicable Final Terms indicate that the Bearer Global Covered Bond is an 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 ten 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 (*Namensschuldverschreibung*) (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 the 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 SA/NV ("**Euroclear**") and/or Clearstream Banking, SA ("**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;
- (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 arrears 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 arrears 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;
- (2) the "**Following Business Day Convention**", such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (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 party specified in the applicable Final Terms, as applicable, under an interest rate swap transaction if the Principal Paying Agent or that other party specified in the applicable Final Terms, as applicable, was 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

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. (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 or other party specified in the applicable Final Terms, as applicable. 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 or that other party, as applicable, 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, €STR and SOFR

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Index Determination is specified in the relevant Final Terms as "Not Applicable" and the Reference Rate specified in the relevant Final Terms is SONIA, SOFR or €STR:

- (A) where the Calculation Method in respect of the relevant Series of Covered Bonds is specified in the relevant Final Terms as being "**Compounded Daily**", the Rate of Interest applicable to the Covered Bonds for each Interest Period will (subject to this Condition 4(b)(ii)(B) (*Screen Rate Determination for Floating Rate Covered Bonds*) and Condition 4(b)(iii) (*Minimum Rate of Interest and/or Maximum Rate of Interest*) and subject as provided below) be the Compounded Daily Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined 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 and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards; and
- (B) where the Calculation Method in respect of the relevant Series of Covered Bonds is specified in the relevant Final Terms as being "**Weighted Average**", the Rate of Interest applicable to the Covered Bonds for each Interest Period will (subject to this Condition 4(b)(ii)(B) (*Screen Rate Determination for Floating Rate Covered Bonds*) and Condition 4(b)(iii) (*Minimum Rate of Interest and/or Maximum Rate of Interest*) and subject as provided below) be the Weighted Average Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin all as determined 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 and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

SONIA

Where "SONIA" is specified as the Reference Rate in the relevant Final Terms, and "Index Determination" is specified in the relevant Final Terms as "Not Applicable", subject to Condition 14(e) (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), if, in respect of any Business Day, 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 rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:

- (A) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day; plus
(ii) the mean of the spread of the SONIA 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); or
- (B) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and, in each case, "r" shall be interpreted accordingly.

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 rate is to be determined or (ii) any rate that is to replace the SONIA 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 the SONIA rate, for purpose of the relevant Series of Covered Bonds, for so long as the SONIA rate is not available or has not been published by the authorised distributors.

SOFR

Where "SOFR" is specified as the Reference Rate in the relevant Final Terms, subject to Condition 14(e) (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), if, in respect of any Business Day, the Principal Paying Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the Relevant Screen Page ("r" shall be interpreted accordingly).

€STR

Where "€STR" is specified as the Reference Rate in the relevant Final Terms, subject to Condition 14(e) (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), if, in respect of any Business Day, the Principal Paying Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the €STR for the first preceding Business Day on which the €STR was published on the Relevant Screen Page ("r" shall be interpreted accordingly).

Rate of Interest for the relevant Interest Period cannot be determined

In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by the Principal Paying Agent, subject to Condition 14(e) (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), the Rate of Interest for such Interest Period 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 (as specified in the relevant Final Terms) 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 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 become due and payable in accordance with Condition 9 (*Events of Default and Enforcement*), the last Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant 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.

Definitions

For the purposes of this Condition 4(b)(ii):

"Applicable Period" means:

- (A) where "Lag" or "Lock-Out" is specified as the Observation Method in the relevant Final Terms, the Interest Period; and
- (B) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the Observation Period;

"Business Day" or **"BD"** means (i) where "SONIA" is specified as the Reference Rate, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London; (ii) where "SOFR" is specified as the Reference Rate, any day which is a U.S. Government Securities Business Day and is not a legal holiday in New York and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed; and (iii) where "€STR" is specified as the Reference Rate, a TARGET Settlement Day;

"Compounded Daily Reference Rate" means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the relevant Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Principal Paying Agent as at the relevant 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:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{r_{i-pBD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"**D**" is the number specified in the relevant Final Terms;

"**d**" means, for the relevant Applicable Period, (i) where "Lag" or "Lock-Out" is specified in the relevant Final Terms as the Observation Method, the number of calendar days in the relevant Applicable Period and (ii) where "Observation Shift" is specified in the relevant Final Terms as the Observation Method, the number of calendar days in the relevant Observation Period;

"**d_o**" means, for the relevant Applicable Period, (i) where "Lag" or "Lock-Out" is specified in the relevant Final Terms as the Observation Method, the number of Business Days in the relevant Applicable Period and (ii) where "Observation Shift" is specified in the relevant Final Terms as the Observation Method, for any Observation Period, the number of Business Days in the relevant Observation Period;

"**€STR**" means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate for such euro Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank currently at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank (the "**ECB's Website**") in each case, on or before 9.00 a.m. (Central European Time) on the euro Business Day immediately following such Business Day;

"**i**" means, for the relevant Applicable Period, a series of whole numbers from one to **d_o**, each representing the relevant Business Day in chronological order from, and including, the first Business Day (i) where "Lag" or "Lock-Out" is specified in the relevant Final Terms as the Observation Method, in such Applicable Period and (ii) where "Observation Shift" is specified in the relevant Final Terms as the Observation Method, in the relevant Observation Period;

"**Lock-Out Period**" means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

"**n_i**", for any Business Day "i" in the Applicable Period, means the number of calendar days from, and including, such Business Day "i" up to but excluding the following Business Day;

"**New York Federal Reserve's Website**" means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

"**Observation Look-back Period**" has the meaning set out in the applicable Final Terms;

"**Observation Method**" has the meaning set out in the applicable Final Terms;

"**Observation Period**" means, in respect of the relevant Interest Period, the period from, and including, the date falling "p" Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date which is "p" Business Days prior to the Interest Payment Date for such Interest Period;

"**p**" means, for any Interest Period:

- (A) where "Lag" is specified as the Observation Method in the relevant Final Terms, the number of Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified, five Business Days);
- (B) where "Lock-Out" is specified as the Observation Method in the relevant Final Terms, zero;
- (C) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the number of Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified, five Business Days);

"r" means:

- (A) where in the relevant Final Terms "SONIA" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day;
- (B) where in the relevant Final Terms "SOFR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, SOFR in respect of such Business Day;
- (C) where in the relevant Final Terms "€STR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (D) where in the relevant Final Terms "SONIA" is specified as the Reference Rate and "Lock-Out" is specified as the Observation Method:
 - (i) in respect of any Business Day "i" that is a Reference Day, the SONIA rate in respect of the Business Day immediately preceding such Reference Day; and
 - (ii) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-Out Period), the SONIA rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (E) where in the relevant Final Terms "SOFR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
 - (i) in respect of any Business Day "i" that is a Reference Day, SOFR in respect of the Business Day immediately preceding such Reference Day; and
 - (ii) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-Out Period), SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (F) where in the relevant Final Terms "€STR" is specified as the Reference Rate and "Lock-Out" is specified as the Observation Method:

- (i) in respect of any Business Day "i" that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day; and
- (ii) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-Out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

"**Reference Day**" means each Business Day in the relevant Interest Period, other than any Business Day in the Lock-Out Period;

"**Relevant Screen Page**" has the meaning set out in the applicable Final Terms;

"**Relevant Time**" has the meaning set out in the applicable Final Terms;

"**r_{i-pBD}**" means the applicable Reference Rate as set out in the definition of "r" above for (i) where, in the relevant Final Terms, "Lag" is specified as the Observation Method, in respect of any Business Day (being a Business Day falling in the relevant Observation Period) falling "p" Business Days prior to the relevant Business Day "i" or, (ii) where "Lock-Out" or "Observation Shift" is specified in the relevant Final Terms as the Observation Method, the relevant Business Day "i";

"**SOFR**" means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Federal Reserve's Website, in each case on or about 5.00 p.m. (New York City Time) on the Business Day immediately following such Business Day;

"**SONIA**" means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business 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 in each case on the Business Day immediately following such Business Day; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

"**Weighted Average Reference Rate**" means:

- (A) where "Lag" is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and
- (B) where "Lock-Out" is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by

multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, provided however that, for any calendar day of such Interest Period falling in the Lock-Out Period, the relevant Reference Rate for each day during that Lock-Out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-Out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.

(C) Compounded Daily SONIA (Index Determination)

Where the “Screen Rate Determination” and the “Index Determination” are specified as “Applicable”, and SONIA is specified as the Reference Rate in the applicable Final Terms, the following provisions shall apply and 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 (if any), as 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).

Compounded Daily SONIA means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling Overnight Index Average as the 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: (i) as further specified in the applicable Final Terms; or (ii) by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date, as further specified in the applicable Final Terms (the **SONIA Compounded Index**); or (iii) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\text{Compounded Daily SONIA Rate} = \left(\frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{Start}}} - 1 \right) \times \frac{365}{d}$$

For the purposes of this Condition 4(b)(ii)(C):

"d" means the number of calendar days from (and including) the day in relation to which SONIA Compounded Index_{Start} is determined to (but excluding) the day in relation to which SONIA Compounded Index_{End} is determined;

"London Banking Day" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"Relevant Number" means the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

"SONIA Compounded Index_{End}" means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on

which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

"SONIA Compounded Index_{start}" means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Period.

If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA rate for the applicable Interest Period for which the SONIA Compounded Index is not available shall be the "Compounded Daily" determined as set out under the section entitled "*Rate of Interest for the relevant Interest Period cannot be determined*" above (calculated, for the avoidance of doubt, with "SONIA" as the Reference Rate) and as if Index Determination were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift" and (ii) the "Observation Look-Back Period" shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the applicable Final Terms.

(D) Effect of Benchmark Transition Event on any SOFR Covered Bonds

Notwithstanding the provisions of Condition 14 (*Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution*), if the Designated Transaction Representative determines on or prior to the relevant Interest Determination Date that a Benchmark Transition Event has occurred with respect to SOFR, then the Bond Trustee shall be obliged, without any consent or sanction of the Covered Bondholders, or any of the other Secured Creditors, to concur with the Designated Transaction Representative, and to direct the Security Trustee to concur with the Issuer or any other person and shall direct the Security Trustee to concur with the Issuer and any other person, in making any modification (other than with respect to a Series Reserved Matter, **provided that** neither replacing the then-current Benchmark with the Benchmark Replacement nor any Benchmark Replacement Conforming Changes (each as defined below) shall constitute a Series Reserved Matter) to these Conditions or any of the Transaction Documents that the Designated Transaction Representative decides may be appropriate to give effect to the provisions set forth under this section titled "*Effect of Benchmark Transition Event on any SOFR Covered Bonds*" in relation only to all determinations of the rate of interest payable on any SOFR Covered Bonds and any related swap agreements:

- (i) If the Designated Transaction Representative determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date applicable to any SOFR Covered Bonds, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to any SOFR Covered Bonds in respect of such determination on such date and all determinations on all subsequent dates.
- (ii) In connection with the implementation of a Benchmark Replacement with respect to any SOFR Covered Bonds, the Designated Transaction Representative will have the right to make Benchmark Replacement Conforming Changes with respect to any SOFR Covered Bonds from time to time.

- (iii) Any determination, decision or election that may be made by the Designated Transaction Representative pursuant to this section titled "*Effect of Benchmark Transition Event on any SOFR Covered Bonds*", including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, in each case, solely with respect to any SOFR Covered Bonds, will be conclusive and binding absent manifest error, may be made in the Designated Transaction Representative's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to any SOFR Covered Bonds, shall become effective without consent, sanction or absence of objection from any other party (including Covered Bondholders).
- (iv) Other than where specifically provided under this section titled "*Effect of Benchmark Transition Event on any SOFR Covered Bonds*" or any transaction document:
 - a. when implementing any modification pursuant to this section titled "*Effect of Benchmark Transition Event on any SOFR Covered Bonds*", 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 further investigation on any certificate or evidence provided to it by the Issuer or the relevant transaction party, as the case may be, pursuant to this section titled "*Effect of Benchmark Transition Event on any SOFR Covered Bonds*" 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
 - b. the Bond Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which is has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Bond Trustee in the Transaction Documents and/or these Conditions.
- (v) Notwithstanding the definitions of "business day", "OBFR", "OBFR Index Cessation Date", "OBFR Index Cessation Event", "SOFR", "SOFR Index Cessation Date", "SOFR Index Cessation Event", and "U.S. Government Securities Business Day" set out above, the following definitions shall apply with respect to this section titled "*Effect of Benchmark Transition Event on any SOFR Covered Bonds*":

"Benchmark" means, initially, SOFR; **provided that** if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"Benchmark Replacement" means (in respect of SOFR), the first alternative set forth in the order below that can be determined by the Designated Transaction Representative as of the Benchmark Replacement Date:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;

- (2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate rate of interest that has been selected by the Designated Transaction Representative as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for any SOFR Covered Bonds, as applicable, at such time and (b) the Benchmark Replacement Adjustment.

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Designated Transaction Representative as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected, endorsed or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Designated Transaction Representative giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for any SOFR Covered Bonds at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes with respect to any SOFR Covered Bonds (including changes to the definition of "interest period", timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the interest period and other administrative matters) and any related Swap Agreements that the Designated Transaction Representative decides may be appropriate to reflect the adoption of such Benchmark Replacement with respect to any SOFR Covered Bonds in a manner substantially consistent with market practice (or, if the Designated Transaction Representative decides that adoption of any portion of such market practice is not administratively feasible or if the Designated Transaction Representative determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Designated Transaction Representative determines is reasonably necessary).

"Benchmark Replacement Date" means:

- (1) in the case of paragraph (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the relevant Benchmark permanently or indefinitely ceases to provide such Benchmark; or
- (2) in the case of paragraph (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information,

provided, however, that on or after the 60th day preceding the date on which such Benchmark Replacement Date would otherwise occur (if applicable), the

Designated Transaction Representative may give written notice to holders of any SOFR Covered Bonds in which the Designated Transaction Representative designates an earlier date (but not earlier than the 30th day following such notice) and represents that such earlier date will facilitate an orderly transition of any SOFR Covered Bonds to the Benchmark Replacement, in which case such earlier date shall be the Benchmark Replacement Date.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that the administrator has ceased or will cease to provide the Benchmark permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"Corresponding Tenor" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

"Designated Transaction Representative" means, with respect to any SOFR Covered Bonds and a particular obligation to be performed in connection with the transition to a Benchmark Replacement, the Issuer.

"Federal Reserve Bank of New York's website" means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source (for the avoidance of doubt, this website (and/or any successor source) and the contents thereof do not form part of this Base Prospectus).

"Interpolated Benchmark" with respect to the Benchmark, means the rate determined for the corresponding tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the corresponding tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the corresponding tenor.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto,

as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"Reference Time" with respect to any determination of the Benchmark means (1) if the Benchmark is SOFR, 2.00 p.m. (London time) on the day that is two Business Days preceding the date of such determination and (2) if the Benchmark is not SOFR, the time determined by the Designated Transaction Representative in accordance with the Benchmark Replacement Conforming Changes.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"SOFR" with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the Benchmark (or a successor administrator) on the Federal Reserve Bank of New York's website.

"Term SOFR" means the forward-looking term rate for the applicable corresponding tenor based on SOFR that has been selected or recommended by the relevant governmental body.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the applicable Benchmark Replacement Adjustment.

To the extent that there is any inconsistency between the conditions set out in this section titled "*– Effect of Benchmark Transition Event on any SOFR Covered Bonds*" and any other condition, the statements in this section shall prevail with respect to any SOFR Covered Bonds.

Nothing in this section titled "*– Effect of Benchmark Transition Event on any SOFR Covered Bonds*" affects the rights of the holders of Covered Bonds other than any SOFR Covered Bonds.

For the avoidance of doubt, the Designated Transaction Representative may propose that a Benchmark Replacement replace the then-current Benchmark and any Benchmark Replacement Conforming Changes on more than one occasion **provided that** the conditions set out in this section titled "*– Effect of Benchmark Transition Event on any SOFR Covered Bonds*" are satisfied.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specify 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 specify 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, as 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) *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) below); 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;
- (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;
- (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 as amended, 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 ten 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;
- (ii) 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;
- (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);
- (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);
- (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;

- (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;
- (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) 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 (A) 10 London Business Days from the date that the Seller is notified of the breach of the Pre-Maturity Test and (B) 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;
- (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;
- (iii) an order is made or an effective resolution passed for the liquidation or winding-up of the LLP;
- (iv) the LLP ceases or threatens to cease to carry on its business or substantially the whole of its business;
- (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;
- (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 (including by way of conference call or by use of a videoconference platform) 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;
- (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;
- (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;
- (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 UK EMIR and/or EU 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;

(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 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;

(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);
- (2) 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
 - (3) 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; and
- (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

Receipholders 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, Receipholders 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 Receipholders 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, Receipholder 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, Receipholders 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, Receipholders 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 that** (in case of the substitution of any company which is a Subsidiary of the Issuer or such successor in business) 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, Receipholders 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 Receipholders 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 the 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.

FURTHER INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Regulated Mortgage Contracts

In the UK, regulation of residential mortgage businesses under the Financial Services and Markets Act 2000 ("FSMA") came into force on 31 October 2004 (the date known as the "**Regulation Effective Date**"). Entering into as a lender, arranging or advising in respect of, and administering regulated mortgage contracts and agreeing to do any of those activities are (subject to applicable exemptions) regulated activities 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 on or after the Regulation Effective Date but prior to 21 March 2016, it will be a Regulated Mortgage Contract under the RAO if: (i) the lender provides credit to an individual or to trustees; (ii) the obligation of the Borrower to repay was secured by a first legal mortgage (or, in Scotland, heritable security) on land (other than timeshare accommodation) in the UK; and (iii) at least 40 per cent. of which was used, or was 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 was a beneficiary of the trust, or by a related person ("**Regulated Mortgage Contract**"). A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is (1) that person's spouse or civil partner; (2) 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 (3) that person's parent, brother, sister, child, grandparent or grandchild (a "**Related Person**").

There have been incremental changes to the definition of Regulated Mortgage Contract over time, including 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 if the mortgage contract was entered into on or after 21 March 2016, it will be a Regulated Mortgage Contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage (or, in Scotland, heritable security) on land, at least 40 per cent. 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 who 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. In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the United Kingdom or within the territory of an EEA State and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the United Kingdom.

Credit agreements that 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 below "*Regulation of residential secured lending (other than Regulated Mortgage Contracts)*").

On and from the Regulation Effective 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 taking any necessary steps for the purposes of 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 who can issue or approve financial promotions. 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 Administrator is required to hold and does hold authorisation and permission to enter into and to administer Regulated Mortgage Contracts. Brokers are in certain circumstances 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. Under the RAO, 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 a servicing agreement by an entity having the required authorisation and permission under the FSMA. If such a servicing agreement terminates, the LLP will have a period of not more than one month (beginning with the day on which such arrangement terminates) in which to arrange for mortgage administration to be carried out by a replacement administrator having the required FSMA authorisation and permission.

The LLP will only hold beneficial title to the Mortgage Loans and their Related Security. In the event that legal title is transferred to the LLP upon the occurrence of a Perfection Event, the LLP will have arranged for an administrator to administer these Loans and is not expected to enter into any new Regulated Mortgage Contracts as lender under article 61(1) of the RAO. 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.

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, among other things, 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. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015

In the UK, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), and (insofar as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, the "**UTCCR**"), apply to business-to-consumer agreements made on or after 1 July 1995 and before 1 October 2015 where the terms have not been individually negotiated (and the "consumer" for these purposes falls within the definition provided in the UTCCR). The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015 (see "**CRA**" below).

The FCA have stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" applies equally to factors that firms should consider to achieve fairness under the UTCCR.

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the Mortgage Loans) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA 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.

(i) **UTCCR**

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. The UTCCR 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 originator 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 agreement that the borrower has taken with the lender.

(ii) CRA

The main provisions of the CRA came into force on 1 October 2015. The CRA significantly reforms and consolidates consumer law in the UK. The CRA 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 for contracts entered into on or after 1 October 2015. The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015 and introduced a new regime for dealing with unfair contractual terms as follows:

- (a) Under Part 2 of the CRA 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.
- (b) Schedule 2 of the CRA 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.
- (c) A term of a consumer contract which is not on the "grey list" may nevertheless be regarded as unfair.
- (d) 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 have explicitly raised the issue of fairness.

(iii) Regulatory developments

In July 2019, the FCA and the Competition and Markets Authority (the "CMA") entered into a memorandum of understanding in relation to consumer protection (the "MoU") which replaced the original memorandum of understanding entered into between the FCA and the CMA on 12 January 2016. The MoU states that the FCA will consider fairness within the meaning of the CRA and the UTCCR, of standard terms, and within the meaning of the CRA of negotiated terms, in financial services and claims management contracts entered into by authorised firms or appointed representatives and claims management within the meaning of the Consumer Protection from Unfair Trading Regulations 2008 (the "CPUTR"), of commercial practices in financial services and claims management services of an authorised firm or appointed representative. In the MoU "authorised" includes having an interim permission and a "relevant permission" includes an interim permission. The FCA's consideration of fairness under the CRA, UTCCR and CPUTR will include contracts for mortgages and the selling of mortgages.

MCOB rules for Regulated Mortgage Contracts require that (a) charges for a payment shortfall can be objectively justified as equal to or lower than a reasonable calculation of the cost of the additional

administration required as a result of the customer having a payment shortfall, and (b) from 15 December 2016, when a payment is made which is not sufficient to cover a payment shortfall and the firm is deciding how to allocate the payment between (i) the current month's periodic instalment of capital or interest (or both), (ii) the payment shortfall and (iii) interest or charges resulting from the payment shortfall, the firm must set the order of priority in a way that will minimise the amount of the payment shortfall once the payment has been allocated. 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).

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 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 considers 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 representatives 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".

In general, there is little reported case law on the UTCCR and/or the CRA and the interpretation of each is open to some doubt. The 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 that have been made to Borrowers covered by the UTCCR and/or the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

Consumer Protection from Unfair Trading Regulations

On 11 May 2005, the European Parliament and the Council adopted Directive (2005/29/EC) regarding unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). Generally, the Unfair Practices Directive applies full harmonisation, which means that neither Member States nor the UK may impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, the Unfair Practices Directive permits Member States or the UK 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 prohibits 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 did not originally provide consumers with a private act of redress. Instead, consumers had to rely on existing private law remedies based on the law of misrepresentation and duress. The Consumer Protection (Amendment) Regulations 2014 (SI No.870/2014) were laid before Parliament on 1 April 2014 and came into force on 1 October 2014. In certain circumstances, 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 the term, or a change in product type; and (b) automatically capitalising a payment shortfall.

Distance Marketing of Financial Services

In the UK, the DM Regulations apply to contracts for financial services entered into on or after 31 October 2004 by a "consumer" within the meaning of the DM Regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower).

The DM Regulations (and MCOB in respect of activities related to Regulated 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 (who is authorised by the FCA) from an establishment in the UK, will not be cancellable under the DM Regulations but will be subject to related pre-contract disclosure requirements in MCOB. 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.

Certain other agreements for financial services may be cancellable under the DM Regulations if the borrower does not receive the prescribed information at the prescribed time. Where the credit agreement is cancellable under the DM Regulations, the borrower may send notice of cancellation at any time before the expiry of 14 days beginning with (i) the day after the day on which the contract is made (where all of the prescribed information has been provided prior to the contract being entered into); or (ii) the day after the day on which the last of the prescribed information is provided (where all of the prescribed information was not provided prior to the contract being entered into).

Compliance with the DM 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 DM Regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine.

If the borrower cancels the credit agreement under the DM Regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by or on behalf of the lender to the borrower under or in relation to the contract within 30 calendar days of cancellation, beginning with the day of the borrower sending notice of cancellation or, if later, the lender receiving notice of cancellation; (b) the borrower is liable to pay interest, early repayment charges and other charges for services actually provided in accordance with the contract only if: (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower

received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period unless requested to do so by the borrower); and (c) any security provided in relation to the contract is to be treated as never having had effect.

Unfair relationships

Under the CCA, the earlier "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated Mortgage Contracts 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 relevant originator, or any assignee such as the Issuer, 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 conduct of the creditor 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 a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR and the CRA (each as defined below). The courts may, but are not obliged to, look solely to the CCA for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, subsequently, the FCA on that principle and by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

Plevin v Paragon Personal Finance Limited [2014] UKSC 61, a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules. Where add-on products such as insurance are sold and are subject to a significant commission payment, it is possible that the non-disclosure of commission by the lender is a factor that could form part of a finding of an unfair relationship.

If a mortgage loan subject to the unfair relationship test is found to be unfair, the court has a wide range of powers and may require the lender (and any associate or former associate of the lender) to repay sums to the debtor, or to do, not do or cease doing anything in relation to the agreement or any related agreement, and may require the lender to reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety. The term creditor (i.e. lender as defined under section 189 of the CCA) means the person providing the credit under a consumer credit agreement or the person to whom their rights and duties under the agreement have passed by assignment or operation of law.

Pre-Action Protocol for mortgage possession claims

A protocol for mortgage possession claims in England and Wales came into force on 19 November 2008 and was replaced with an updated protocol for mortgage possession claims which came into force on 6 April 2015 (the "**Pre-Action Protocol**"). The Pre-Action Protocol sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders 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. In addition, under the protocol the lender must consider whether to postpone the start of a possession claim where the borrower has made a genuine complaint to the FOS under the FSMA about the potential possession claim.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 came into force on 30 September 2010 and imposes additional requirements on heritable creditors (the Scottish equivalent to a mortgagee)

in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of this Act, the heritable creditor, which may be the Seller or, in the event of it taking legal title to the Scottish Mortgage Loans and their Related Security, the LLP, has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements, which may restrict the ability of the Seller (or LLP, as applicable) as heritable creditor in respect of the Scottish Mortgage Loans and their Related Security to exercise its power of sale. The Home Owner and Debtor Protection (Scotland) Act 2010 may have adverse effects in markets experiencing above average levels of possession claims.

Land Registration Reform in Scotland

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") received royal assent on 10 July 2012 and the majority of its provisions 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.

Previously, title to a residential property that was recorded in the General Register of Sasines would usually only require 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 assignment of a standard security (which would extend to any assignment 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**").

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 assignments. However, if the General Register of Sasines becomes closed to assignments 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 March 2017, around 62 per cent. of property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the current Mortgage Loan Portfolio, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

Decisions of the Ombudsman could lead to some terms of the Mortgage Loans being varied

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**") is required to make decisions on, among other things, complaints relating to the 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, rather than making determinations strictly on the basis of compliance with law. Complaints properly 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 monetary award to the borrower, it is difficult to predict how any future decision of the Ombudsman would affect the ability of the LLP to make payments to Covered Bondholders.

Breathing Space Regulations

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (SI 2020/1311) ("**Breathing Space Regulations**") (which came into force on 4 May 2021) establish a scheme which gives eligible individuals in England and Wales with problem debt the right to legal protection from their creditors, including almost all enforcement action, during a period of "breathing space". A standard breathing space will give an individual in England and Wales with problem debt legal protection from creditor action for up to 60 days to receive debt advice; and a mental health crisis breathing space will give an individual in England and Wales protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days following the end of such treatment.

However, the Breathing Space Regulations do not apply to payments on principal and interest, except for arrears which are uncapitalised at the date of the application under the Breathing Space Regulations and interest, fees or any other charges on those arrears. Interest can still be charged on the principal secured debt during the breathing space period, but not on the arrears. Any mortgage arrears incurred during any breathing space period are not protected from creditor action. The Borrower must continue to make mortgage payments in respect of any mortgage secured against their primary residence (save in respect of arrears accrued prior to the moratorium) during the breathing space period, otherwise the relevant debt adviser may cancel the breathing space period.

In February 2021, the FCA issued a policy statement (PS21/1) on the application of the Breathing Space Regulations, in which it confirms that no changes are currently being made to the rules under MCOB, in relation to how mortgage lenders should treat a "breathing space" as an indicator of payment difficulties. The FCA's view is that this is something that firms should take into account, but should not be treated more specifically than other potential indicators of payment difficulties.

In Scotland, eligible individuals are afforded similar legal protection under the Bankruptcy (Scotland) Act 2016 although the moratorium period of 6 months is longer than in England and Wales and does not make any accommodation for mental health crisis. However, in April 2023 the Scottish Government introduced The Bankruptcy and Diligence (Scotland) Bill which, if enacted, will permit regulations to be made for the introduction of a similar form of moratorium in Scotland as currently exists under the Breathing Space Regulations. It is anticipated that the Bill will come into force by summer 2024, although regulations on the proposed moratorium will likely follow later.

Assured Shorthold Tenancy (AST)

Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales may also be an Assured Tenancy ("**AT**") or Assured Shorthold Tenancy ("**AST**") under the Housing Act 1988 ("**HA 1988**"). If it is, this could have the consequences set out below.

There is no maximum term for an AT and therefore any lease can constitute an AT if it satisfies the relevant criteria.

Since 28 February 1997 all ATs will automatically be ASTs (unless the landlord serves notice to the contrary) which gives landlords the right to recover the property at the end of the term of the tenancy. The HA 1988 also entitles a landlord to obtain an order for possession and terminate an AT/AST during its fixed term on proving one of the grounds for possession specified in section 7(6) of the HA 1988. The ground for possession of most concern in relation to long leaseholds is Ground 8 – namely that if the rent is payable yearly (as most ground rents are), at least three months' rent is more than three months in arrears both at the date of service of the landlord's notice and the date of the hearing.

Most leases give the landlord a right to forfeit the lease if rent is unpaid for a certain period of time but the courts normally have power to grant relief, cancelling the forfeiture as long as the arrears are paid off. There are also statutory protections in place to protect long leaseholders from unjustified forfeiture action.

However, an action for possession under Ground 8 is not the same as a forfeiture action and the court's power to grant relief does not apply to Ground 8. In order to obtain possession, the landlord will have to follow the notice procedure in section 8 of the HA 1988 and, if the tenant does not leave on expiry of the notice, apply for a court order. However, as ground 8 is a mandatory ground, the court will have no discretion and will be obliged to grant the order if the relevant conditions are satisfied. There is a risk that where:

- (i) a long lease in England and Wales is also an AT/AST due to the level of the ground rent;
- (ii) the tenant is in arrears of ground rent for more than 3 months;
- (iii) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- (iv) the tenant does not manage to reduce the arrears to below 3 months' ground rent by the date of the court hearing,
- (v) the long lease in England and Wales will come to an end and the landlord will be able to re-enter the relevant property.

In Scotland, the corresponding provisions of the Housing (Scotland) Act 1988 that govern assured tenancies and short assured tenancies (being broadly the Scottish equivalent of an Assured Tenancy and an Assured Shorthold Tenancy in England and Wales) do not apply to long leases in respect of residential property in Scotland that are capable of being registered in the Registers of Scotland and secured by a standard security.

Mortgage Charter

On 26 June 2023, the HM Treasury published the 'Mortgage Charter' in light of the current pressures on households following interest rate rises and the cost-of-living crisis. The Mortgage Charter states that the UK's largest mortgage lenders and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the "**Mortgage Charter**"). BBUK is a signatory to the Mortgage Charter and has agreed that, among other things, a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment. In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months (the "**MC Interest-Only Agreement**"); or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the "**MC Extension Agreement**"). These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments do not apply to buy-to-let mortgages.

With the effect on and from 30 June 2023, the FCA has amended the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB) to allow (rather than require) lenders to give effect to the MC Interest-only Agreement and the MC Extension Agreement. The amendments made by the FCA do not apply to second ranking mortgages or bridging loans. The FCA announced that it intends to review the impact of the rule changes within 12 months.

The charter is currently voluntary and adhering to it will be a decision for lenders to make individually.

There can be no assurance that the FCA or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the Mortgage Charter or related rules.

FCA response to the cost of living crisis

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 (the "**Mortgages Tailored Support Guidance**") which was issued to address exceptional circumstances arising out of the coronavirus pandemic, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective

forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment.

The Mortgages Tailored Support Guidance emphasises the MCOB requirement that a lender must not repossess a property unless all other reasonable attempts to resolve the position have failed. It further states that mortgage lenders must also establish and implement clear, effective and appropriate policies and procedures for the fair and appropriate treatment of borrowers whom the lender understands, or reasonably suspects, to be particularly vulnerable. The Mortgages Tailored Support Guidance also confirms the FCA's expectation that action to seek possession should be a last resort.

In addition, the FCA proposed that lenders considering or resuming possession proceedings, should support and enable borrowers to disclose circumstances that might make them particularly vulnerable to repossession action at this time, and to consider whether additional care may be required as a result.

On 13 March 2023, the FCA published finalised guidance: "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living" (FG23/2). The FCA stated that the purpose of the finalised guidance was to ensure that lenders are clear about the effect of the FCA rules and the range of options lenders have to support their customers including those who are facing higher interest rates alongside the rising cost of living. The FCA have said that the guidance clarifies the effect of their existing rules and principles and is not intended to set new expectations or requirements of lenders or to repeat the position set out in other documents such as the expectations around repossessions or the treatment of vulnerable customers. It explains how lenders can support borrowers in, or at risk of, payment difficulty and confirms the flexibility lenders have under FCA rules and guidance to support borrowers in different ways.

The FCA makes clear in the Mortgages Tailored Support Guidance that it expects lenders of both owner occupied and buy-to-let mortgage loans to act in a manner consistent with the guidance.

In March 2021, the FCA stated that as the more immediate impacts of coronavirus pandemic begin to subside, it was considering whether it will need to make any permanent changes to their forbearance regimes for mortgages and credit in light of the Mortgages Tailored Support Guidance. This could include updating the rules and guidance in MCOB and incorporating elements of the Mortgages Tailored Support Guidance. On 25 May 2023, the FCA launched consultation CP23/13 setting out how it plans to incorporate aspects of the Mortgages Tailored Support Guidance into MCOB and withdraw the Mortgages Tailored Support Guidance. The FCA are also proposing targeted additional changes to support consumers in financial difficulty. The FCA expect their new rules to come into force in the first half of 2024 and propose to withdraw the Mortgages Tailored Support Guidance at the same time.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the above guidance.

FCA Consumer Duty

The Consumer Duty aims to set a higher level of consumer protection in retail financial markets by requiring regulated firms to act to ensure good retail customer outcomes. It applies from 31 July 2023 for products and services that remain open to sale or renewal and from 31 July 2024 for closed products and services.

The Consumer Duty applies to the regulated activities and ancillary activities of all firms authorised under the FSMA.

There are three main elements to the new Consumer Duty, comprising a new consumer principle, that "a firm must act to deliver good outcomes for the retail consumers of its products", cross-cutting rules supporting the consumer principle, and four outcomes, relating to the quality of firms' products and services, price and value, consumer understanding and consumer support.

The Consumer Duty applies not only at origination of a product but throughout its subsistence (so in the case of a mortgage loan, throughout the period the mortgage loan is outstanding). The cross-cutting rules include an obligation to avoid causing foreseeable harm to the consumer and the outcomes include an obligation to ensure that the product (for example, a mortgage loan) provides fair value to the retail customer. These obligations (as with the remainder of the Consumer Duty) must be assessed on a regular basis throughout the life of the product.

The Consumer Duty applies to product manufacturers and distributors, which include purchasers of in scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty will not apply retrospectively, the FCA will require firms to apply the Consumer Duty to existing products on a forward-looking basis.

The FCA's guidance states that the Consumer Duty does not apply to unregulated buy-to-let mortgage loans but there are some circumstances in which the Consumer Duty would apply to the servicing of buy-to-let loans.

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 ("ITA 2007"). The London Stock Exchange is a recognised stock exchange for this purpose. 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 main 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 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 the Covered Bonds may also be made without withholding or deduction for or 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 that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any available exemptions any reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld), in relation to a holder of Covered Bonds, 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.

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 neither a partnership nor 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 is 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 and

unstated interest, as adjusted by any amortisable bond 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**"). 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) up to 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.

Amortisable Bond Premium

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 included in the U.S. Holder's gross income and decreased by any bond 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, 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*". 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 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.

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, but reduced by 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.

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 and amortisable bond premium on a foreign currency Covered Bond are to be determined in the relevant foreign currency. 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.

Further Issuances

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. The Issuer may offer additional debt securities with OID for U.S. federal income tax purposes as part of a further issue. Purchasers of debt securities after the date of any further issue may not be able to differentiate between debt securities sold as part of the further issue and previously issued Covered Bonds. If the Issuer were to issue additional debt securities with OID, purchasers of debt securities after such further issue may be required to accrue OID (or greater amounts of OID than they would have otherwise accrued) with respect to their debt securities. This may affect the price of outstanding Covered Bonds following a further issuance.

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 for 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 term "foreign passthru payment" is not yet defined. The Issuer is a foreign financial institution for these purposes. Non-U.S. intermediaries through which Covered Bonds are held generally will be foreign financial institutions as well. 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 (and any interests therein) 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 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, health savings accounts and "Keogh" plans (together with ERISA Plans, the "**Plans**")) and certain persons (referred to as "**parties in interest**" (as defined in section 3(14) of ERISA) or "**disqualified persons**" (as defined in section 4975(e)(2) of the Code)) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a plan fiduciary, 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, the Arranger, any of their affiliates or any other party to the transactions contemplated by the Transaction Documents (the "**Transaction Parties**") 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 any of the Transaction Parties is a party in interest or a disqualified person (either directly or by reason of its ownership interest in its directly or indirectly owned subsidiaries). 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) to the Plan, provided that neither the service provider nor its affiliate has or exercises discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction (in other words, not a fiduciary) and provided further that the Plan pays no more than, and receives no less than, "adequate consideration" in connection with the transaction, 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) up to 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 or any person or entity whose underlying assets include, or are deemed to include under a regulation, 29 C.F.R. section 2510.3-101, as modified by section 3(42) of ERISA (the "**Plan Asset Regulation**") or otherwise for the purposes

of Title I of ERISA or section 4975 of the Code, the assets of such Plan by reason of the Plan's investment in the person or entity (each of the foregoing, a "**Benefit Plan Investor**"), 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) does not and will not constitute or result in a non-exempt 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 applicable Similar Law).

Each purchaser and transferee of any Covered Bonds that is, or is acting on behalf of, a Benefit Plan Investor, will be deemed to represent, warrant and agree that (i) none of the Transaction Parties or any of their respective affiliates has provided any investment recommendation or investment advice to the Benefit Plan Investor on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor (a "**Plan Fiduciary**"), has relied as a primary basis in connection with its decision to invest in the Covered Bonds, and they are not otherwise undertaking to act as a fiduciary, as defined in section 3(21) of ERISA or section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Covered Bonds and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Covered Bonds.

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 does not and 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 Transaction Parties 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 and application of proceeds thereof 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 who 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) a Benefit Plan Investor or (ii) a governmental, church or non-U.S. plan which is subject to any Similar Law or (b) its acquisition, holding and disposition of the Covered Bonds (or any interest therein) does not and will not constitute or result in a non-exempt 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 applicable Similar Law);

- (vi) Each purchaser and transferee of any Covered Bonds that is, or is acting on behalf of, a Benefit Plan Investor, will be deemed to represent, warrant and agree that (a) none of the Transaction Parties or any of their respective affiliates has provided any investment recommendation or investment advice to the Benefit Plan Investor on which it, or the Plan Fiduciary has relied as a primary basis in connection with its decision to invest in the Covered Bonds, and they are not otherwise undertaking to act as a fiduciary, as defined in section 3(21) of ERISA or section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Covered Bonds and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Covered Bonds;
- (vii) 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;
- (viii) 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;
- (ix) 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 UNITED STATES 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, ON EACH DAY SUCH PURCHASER OR HOLDER HOLDS THIS SECURITY (OR ANY INTEREST HEREIN), 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 (EACH OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"), 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 ("**SIMILAR LAW**"), OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT 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 APPLICABLE SIMILAR LAW).

EACH PURCHASER AND TRANSFEREE OF THIS SECURITY THAT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE SELLER, THE ISSUER, THE BOND TRUSTEE, THE ADMINISTRATOR, THE SECURITY TRUSTEE, THE ARRANGER, ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THE TRANSACTION DOCUMENTS (THE "**TRANSACTION PARTIES**") OR ANY OF THEIR RESPECTIVE AFFILIATES HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR (A "**PLAN FIDUCIARY**"), HAS RELIED AS A PRIMARY BASIS IN CONNECTION WITH ITS DECISION TO INVEST IN THIS SECURITY, AND THEY ARE NOT OTHERWISE UNDERTAKING TO ACT AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF THIS SECURITY AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THIS SECURITY.

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.";

- (x) 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 UNITED STATES 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, ON EACH DAY SUCH PURCHASER OR HOLDER HOLDS THIS SECURITY (OR ANY INTEREST HEREIN), 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 (EACH OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") 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 ("**SIMILAR LAW**"), OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT 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 APPLICABLE SIMILAR LAW).

EACH PURCHASER AND TRANSFEREE OF THIS SECURITY THAT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE SELLER, THE ISSUER, THE BOND TRUSTEE, THE ADMINISTRATOR, THE SECURITY TRUSTEE, THE ARRANGER, ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THE TRANSACTION DOCUMENTS (THE "**TRANSACTION PARTIES**") OR ANY OF THEIR RESPECTIVE AFFILIATES HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR (A "**PLAN FIDUCIARY**"), HAS RELIED AS A PRIMARY BASIS IN CONNECTION WITH ITS DECISION TO INVEST IN THIS SECURITY, AND THEY ARE NOT OTHERWISE UNDERTAKING TO ACT AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF THIS SECURITY AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THIS SECURITY."; and

- (xi) 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.

In relation to securities which are being offered and sold outside the United States in reliance on Regulation S only (such as the Covered Bonds), there are restrictions on the Issuer and its affiliates (including Barclays Bank PLC (in its role as Dealer)) making sales of securities in the United States, including for marketing purposes.

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 each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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, a 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 pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "**Prospectus Regulation**") and any application provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Italian CONSOB regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

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) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the 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) comply 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.

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 (EU) 2016/97 (the "**Insurance Distribution 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 Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); 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 for 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 (each, a "**Relevant State**"), 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 made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Covered Bonds to the public in that Relevant State:

- A. at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- B. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) 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 1(4) of the Prospectus Regulation,

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 Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression an **offer of Covered Bonds to the public** in relation to any Covered Bonds in any Relevant 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; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK 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 United Kingdom. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; 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 for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies “Prohibition of Sales to UK 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 made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Covered Bonds to the public in the United Kingdom:

- A. at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- B. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom 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 section 86 of the FSMA,

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 section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Covered Bonds to the public** in relation to any Covered Bonds 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; and
- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

United Kingdom - Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

No deposit-taking: in relation to any Covered Bonds issued by the Issuer having 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:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

- (B) 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;

Financial promotion: 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

General compliance: 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 UK.

Selling Restrictions Addressing Additional French Securities Laws

Each of the Dealers and the Issuer has represented and agreed that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Covered Bonds and the distribution in France of the Base Prospectus or any other offering material relating to the Covered Bonds.

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 deliveries, 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, the Arranger 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 Chief Financial Officer for the Issuer on 26 February 2024.
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 main 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 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 80 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 performance or the financial position of the Issuer or the BBUKPLC Group since 31 December 2023, being the date to which the Issuer's last published audited financial information (as set out in the 2023 Annual Report) was prepared.
5. There has been no material adverse change in the prospects of the Issuer or the BBUKPLC Group since 31 December 2023, being the date to which the Issuer's last published audited financial information (as set out in the 2023 Annual Report) was prepared.
6. There has been no significant change in the financial performance or financial position of the LLP, nor has there been any material adverse change in the prospects of the LLP since 31 December 2022 (being the date of the last audited non-consolidated accounts of the LLP).
7. The consolidated audited financial statements of the Issuer in respect of the year ended 31 December 2023 and the consolidated audited financial statements of the Issuer in respect of the year ended 31 December 2022 have each been audited with an unmodified opinion 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.
8. The financial statements of the LLP for the years ended 31 December 2022 and 31 December 2021 have been audited without qualification by KPMG LLP, being chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales).

9. 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.
10. The Legal Entity Identifier (**LEI**) of the Issuer is 213800UUGANOMFJ9X769.
11. 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 2023 Annual Report and the 2022 Annual Report;
 - (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, drawdown 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.
12. 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.
13. 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.
14. 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

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET - solely for the purposes of [the/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 manufacturer['s/s'] 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 manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/ PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET - solely for the purposes of [the/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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (the "**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

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 Regulation (EU) 2016/97 as amended (the "**EU Insurance Distribution 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 the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making the Covered Bonds 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.

PROHIBITION OF SALES TO UK 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Final Terms dated [●]

(to the Base Prospectus dated [●] 20[●])

Barclays Bank UK PLC
Legal Entity Identifier (LEI: 213800UGANOMFJ9X769)
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 Regulation (EU) 2017/1129 as amended and as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] published on the website of the London Stock Exchange in accordance with the UK Prospectus Regulation 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] and have been published on the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.]

[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 Regulation (EU) 2017/1129 (as amended and as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"), 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 the UK Prospectus Regulation. This document constitutes the final terms of the Covered Bonds described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] published on the website of the London Stock Exchange in accordance with the Prospectus Regulation 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] and have been published on the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.]

The LLP is not now, and immediately following the issuance of the Covered Bonds and the application of the proceeds thereof 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 [U.S.\$200,000 (and no less than the equivalent of €100,000) and integral multiples of U.S.\$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 Guarantee: [●]/[Interest Payment Date falling in or nearest to [●] [month]]; [in each case falling [one year] after the Final Maturity Date]/[Not Applicable]
9. Interest Basis: [[●] per cent. Fixed Rate]
[[SONIA] [EURIBOR] [€STR] [SOFR]] +/- [●] per cent.
[Floating Rate]
[Zero Coupon]
- (further particulars specified below)
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 16 and 17]]
12. Call Options: [Issuer Call]
[Not Applicable]
13. [Date [Board] approval for issuance of Covered Bonds obtained: [●]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Covered Bond Provisions [Applicable/Not Applicable]
- (i) Fixed Rate(s) of Interest: [●] per cent. per annum payable [annually/semi annually/quarterly/other] in arrears 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) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iv) Business Day(s): [●]
- (v) Fixed Coupon Amount(s): [●] per Calculation Amount
- (vi) Initial Broken Amount(s): [●]
- (vii) Final Broken Amount: [●]
- (viii) 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]
- (ix) [Determination Date(s): [[●] in each year]/[Not Applicable]]
15. 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): [●]/[Not Applicable]
- (v) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [●]/[Not Applicable]
- (vii) Screen Rate Determination: [Applicable]/[Not Applicable]
- (1) Reference Rate: [●]

[SONIA]/[●] month [EURIBOR]/[€STR]/[SOFR]

- (2) Interest Determination Date(s): [●]
- (3) Relevant Screen Page: [●]/[New York Federal Reserve's Website]/[ECB's Website]
- (4) Relevant Time: [●]
- (5) Calculation Method: [Weighted Average/Compounded Daily/Not Applicable]
- (6) Index Determination: [Applicable/Not Applicable/[●]]
- Relevant Number [[5 / [●]]]
- (7) Observation Method: [Lag/Lock-Out/Observation Shift/Not Applicable]
- (8) Observation Look-back Period: [●]/[Not Applicable]²
- (10) D: [365/360/[●]/[Not Applicable]]
- (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]/[Not Applicable]
- (xi) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (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]
16. Zero Coupon Covered Bond Provisions³ [Applicable/Not Applicable]
- (i) [Amortisation/Accrual] Yield: [●] per cent. per annum
- (ii) Reference Price: [●]

² The Observation Look-back Period should be at least as many Business Days before the Interest Payment Date as the Interest Determination Date. "Observation Look-back Period" is only applicable where "Lag" or "Observation Shift" is selected as the Observation Method; otherwise, select "Not Applicable".

³ 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.

- (iii) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iv) Business Day(s): [●]
- (v) Additional Business Centre(s): [●]/[Not Applicable]

PROVISIONS RELATING TO REDEMPTION BY THE ISSUER

- 17. 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
- 18. 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

- 19. 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. While 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.]
20. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [●]/[Not Applicable]
21. Talons for future Coupons or Receipts to be attached to Bearer Definitive Covered Bonds (and dates on which such Talons mature): [Yes]/[No]
22. 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 [is expected to be]/[has been] 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: [●]]

[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer [See ["Use of Proceeds"] in the Base Prospectus/Give details.]

(See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer are different from what is disclosed in the Base Prospectus, give details.)

- (ii) Estimated net proceeds []

5. [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]

6. **OPERATIONAL INFORMATION**

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- [CFI Code: [[●], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]
- [FISN: [[●], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]
- (iii) CUSIP: [●]
- (iv) CINS: [●]
- (v) Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/[●]]
- (vi) Names and addresses of additional Paying Agent(s) (if any): [●]

7. **DISTRIBUTION**

- (i) Method of Distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
- (a) Names of Dealers: [●]
- (b) Stabilising Manager(s) (if any): [●]
- (iii) Date of [Subscription] Agreement: [●]
- (iv) If non-syndicated, name of Dealer: [●]
- (v) U.S. Selling Restrictions: [Reg. S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]
- (vi) 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]

- (vii) [Prohibition of Sales to EEA Retail Investors]: [Applicable/Not Applicable]

(If the Covered Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Covered Bonds may constitute "packaged" products, "Applicable" should be specified.)

- (viii) [Prohibition of Sales to UK Retail Investors]: [Applicable/Not Applicable]

(If the Covered Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Covered Bonds may constitute "packaged" products, "Applicable" should be specified.)

8. **RELEVANT BENCHMARK[S]**

Relevant Benchmark[s]:

[[Specify benchmark] is provided by [administrator legal name]]. As at the date hereof, [administrator legal name] [appears] / [does not appear] in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 of the UK Benchmark Regulation] / [As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the UK Benchmark Regulation] / [Not Applicable].

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 119.
"Account Bank"	Barclays Bank UK PLC in its capacity as Account Bank pursuant to the Account Bank Agreement.
"Account Bank Agreement"	The account bank agreement entered into on 5 December 2019, as amended and/or supplemented and/or restated from time to time, between the LLP, the Account Bank, 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.

"Actual/365 (Fixed)"	As specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.
"Actual/Actual – ICMA"	As specified in the applicable Final Terms, and has the meaning given to such term on page 182.
"Actual/Actual – ISDA" or "Actual/Actual"	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).
"Additional Mortgage Reserve Portfolio"	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.
"Additional MRT Contribution"	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.
"Additional Reference Mortgage Reserve Portfolio"	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.
"Additional Scottish Declaration of Trust"	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.
"Adjusted Aggregate Asset Amount"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 108.
"Adjusted Mortgage Account Balance Amount"	The meaning given to such term on page 109.
"Adjusted Required Redemption Amount"	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 (a) the Pre-Maturity Liquidity Ledger or (b) the GIC Account and (c) 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).
"Administration Agreement"	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.

"Administration Procedures"	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.
"Administrator"	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.
"Administrator Event of Default"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 105.
"Administrator Termination Event"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 105.
"Affiliate"	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.
"Agency Agreement"	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.
"Agents"	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 " Agent ".
"Aggregate Debt Limit"	In relation to any Mortgage Account, the aggregate permitted debt owed by a Borrower in respect of such Mortgage Account.
"Aggregate Mortgage Reserve Account Balance Increase Amount"	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).
"Aggregate Mortgage Reserve Principal Repayment Amount"	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).
"Aggregate Potential MRT Interest"	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).
"Amortisation Test"	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.
"Amortisation Test Aggregate Asset Amount"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 111.
"Amortisation Test Outstanding Principal Balance"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 111.

"Amortised Face Amount"	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 190.
"an offer of Covered Bonds to the public"	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.
"Arranger"	Barclays Bank PLC and any other entity appointed as an arranger for the Programme. References in this Base Prospectus to the Arrangers shall be references to the relevant Arranger.
"Arrears of Interest"	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.
"Asset Coverage Test"	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.
"Asset Monitor"	PricewaterhouseCoopers LLP, whose registered office is at 7 More London Riverside, London SE1 2RT.
"Asset Monitor Agreement"	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.
"Asset Monitor Report"	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.
"Asset Percentage"	The meaning given in <i>"Summary of the Principal Documents"</i> on page 111.
"Asset Pool"	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"> (a) sums derived from the issue of Covered Bonds; (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 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.
"Asset Pool Monitor"	KPMG LLP, whose registered office is at 15 Canada Square, London E14 5GL.
"Asset Pool Monitor Agreement"	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.

"Authorised Institution"	An institution authorised to take deposits under the Financial Services and Markets Act 2000.
"Authorised Investments"	(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 SONIA) provided that 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 provided that 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.
"Available Principal Receipts"	<p>On a relevant Calculation Date, an amount equal to the aggregate of (without double counting):</p> <ul style="list-style-type: none"> (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); (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 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"	<p>On a relevant Calculation Date, an amount equal to the aggregate of:</p> <ul style="list-style-type: none">(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, <p>less:</p> <ul style="list-style-type: none">(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 119.
"Banking Act"	The Legislative Decree No. 385 of 1 September 1993, as amended.
"Banking Consolidation Directive"	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.
"U.S. Bankruptcy Court"	The United States Bankruptcy Court for the Southern District of New York.
"Barclays PLC"	The ultimate holding company of the Issuer.
"Barclays Standard Variable Rate"	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.
"Base Prospectus"	This base prospectus.
"BCBS"	Basel Committee on Banking Supervision.
"BBUKPLC"	Barclays Bank UK PLC.

"BBUKPLC Group"	Barclays Bank UK PLC and its subsidiary undertakings.
"BCI"	Barclays Capital Inc..
"Bearer Covered Bonds"	Covered Bonds in bearer form.
"Bearer Definitive Covered Bonds"	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.
"Bearer Global Covered Bond"	The meaning given on page 156.
"Beneficial Owner"	Each actual purchaser of each DTC Covered Bond.
"Bond Basis"	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)).
"Bond Trustee"	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.
"Borrower"	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.
"Broken Amount"	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.
"BRRD"	The Bank Recovery and Resolution Directive published in the Official Journal of the European Union on 12 June 2014.
"Business Day"	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 167.
"Calculation Agent"	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.
"Calculation Amount"	The amount specified as such in the applicable Final Terms.
"Calculation Date"	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).
"Calculation Period"	The period from, and including, the first day of each month to, and including, the last day of each month.
"Capital Account Ledger"	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.
"Capital Balance"	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.
"Capital Contribution"	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.
"Capital Contribution Balance"	The balance of each Member's Capital Contributions as determined in accordance with the LLP Deed.
"Capital Contributions in Kind"	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.
"Capital Distribution"	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).
"Capitalised Arrears"	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.
"Capitalised Interest"	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).
"Cash Capital Contributions"	A Capital Contribution made in cash.
"Cash Management Agreement"	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.

"Cash Manager"	Barclays, in its capacity as cash manager under the Cash Management Agreement together with any successor cash manager appointed from time to time.
"CCA"	The Consumer Credit Act 1974 and the Consumer Credit Act 2006 together.
"Certificate of Title"	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.
"CFTC"	The U.S. Commodity Futures Trading Commission.
"Charged Property"	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.
"Clearing System Business Day"	The meaning given in Condition 5 (<i>Payments</i>) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 185.
"Clearing Systems"	DTC, Euroclear and/or Clearstream, Luxembourg.
"Clearstream, Luxembourg"	Clearstream Banking, SA.
"CMA"	Competition and Markets Authority.
"CML"	Council of Mortgage Lenders.
"Code"	The U.S. Internal Revenue Code of 1986, as amended.
"Commission"	The European Commission.
"Common Depository"	The common depository for Euroclear and Clearstream, Luxembourg.
"Common Safekeeper"	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.
"comparable yield"	The meaning given to such term on page 222.
"Conditions"	The terms and conditions of the Covered Bonds (as set out in Schedule 1 to the Trust Deed).
"Constant Yield Election"	The meaning given to such term on page 221.
"contingent payment debt instruments"	The meaning given to such term on page 222.
"Corporate Services Agreement"	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.
"Corporate Services Provider"	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.
"Couponholders"	The holders of the Coupons (which expression shall, unless the context otherwise requires, include the holders of the Talons).

"Coupons"	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 160.
"Covered Bond Guarantee"	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.
"Covered Bondholders"	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 "Covered Bondholder" .
"Covered Bond Swap" or "Covered Bond Swaps"	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.
"Covered Bonds"	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 "Covered Bond").
"Covered Bond Swap Provider" or "Covered Bond Swap Providers"	Each provider of a Covered Bond Swap with respect to a Series of Covered Bonds.
"CRA Regulation"	Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended).
"Current Balance"	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"> (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; (b) the amount of any Further Advance under that Mortgage Loan secured or purported to be secured by the Related Security; (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 (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.

"Custodian"	Any custodian with whom the relevant Registered Global Covered Bonds have been deposited.
"Custody Accounts"	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.
"Custody Agreement"	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.
"D1"	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.
"D2"	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.
"Day Count Fraction"	The meaning given to such term in the applicable Conditions.
"Dealer"	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.
"Dealers"	One or more dealers appointed under the Programme from time to time by the Issuer.
"Deed of Charge"	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.
"Deed of Consent"	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.
"Defaulted Mortgage Account"	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.

"Definitive Regulation S Covered Bond"

A Registered Covered Bond in definitive form sold to non-U.S. Persons outside the United States in reliance on Regulation S.

"Definitive Rule 144A Covered Bond"

A Registered Covered Bond in definitive form sold to QIBs pursuant to Rule 144A.

"Designated Account"

The meaning given in Condition 5(d) (*Payments in respect of Registered Covered Bonds*) in "*Terms and Conditions of the Covered Bonds*" on page 185.

"Designated Bank"

The meaning given in Condition 5(d) (*Payments in respect of Registered Covered Bonds*) in "*Terms and Conditions of the Covered Bonds*" on page 185.

"Designated Maturity"	The meaning given in the ISDA Definitions.
"Designated Member"	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 "Designated Members").
"Determination Date"	The first day of each calendar month.
"Determination Period"	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 166.
"Direct Participants"	The meaning given in <i>"Book-entry systems"</i> on page 152.
"Directors"	The board of directors for the time being of the Issuer.
"disqualified persons"	The meaning given to such term on page 227.
"Distribution Compliance Period"	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).
"DM Regulations"	The Financial Services (Distance Marketing) Regulations 2004.
"Dodd-Frank Act"	The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act 2010.
"Drawdown Prospectus"	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 161.
"DTC"	The Depository Trust Company.
"DTC Covered Bonds"	Covered Bonds accepted into DTC's book-entry settlement system.
"DTCC"	The Depository Trust & Clearing Corporation.
"Due for Payment"	<p>The requirements by the LLP to pay any Guaranteed Amounts following the delivery of a Notice to Pay on the LLP:</p> <p>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:</p> <ul style="list-style-type: none"> (i) the date on which the Scheduled Payment Date in 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 (A) 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 (B) 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 (I) 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 (II) 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

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).

"EEA"

European Economic Area.

"Eligibility Criteria"

The meaning given to such term on page 88.

"English Mortgage"

A first ranking legal mortgage over a residential property in England or Wales.

"English Mortgage Loans"

Mortgage Loans secured by an English Mortgage.

"ERISA"

The U.S. Employee Retirement Income Security Act of 1974, as amended.

"ERISA Plans"

The meaning given to such term on page 227.

"EU"

European Union.

"EUWA"

European Union (Withdrawal) Act 2018.

"EU Benchmark Regulation"

Regulation (EU) 2016/1011 as amended.

"EU CRA Regulation "	Regulation (EC) No. 1060/2009 as amended.
"EU EMIR"	Regulation (EU) 648/2012, the European Market Infrastructure Regulation.
"EURIBOR"	Eurozone interbank offered rate.
"Euro Transaction Account"	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.
"Eurobond Basis"	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).
"Euroclear"	Euroclear Bank SA/NV
"Excess Proceeds"	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.
"Exchange Act"	The U.S. Securities Exchange Act of 1934, as amended.
"Exchange Agent"	Citibank, N.A., London Branch in its capacity as exchange agent (which expression shall include any successor exchange agent).
"Exchange Date"	On or after the date which is 40 days after a Temporary Global Covered Bond is issued.
"Exchange Event"	In the case of Bearer Covered Bonds, the meaning given in " <i>Form of the Covered Bonds</i> " on page 157, and in the case of Registered Covered Bonds, the meaning given in " <i>Form of the Covered Bonds</i> " on page 158.
"Excluded Swap Termination Amount"	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.
"Extendable Maturity Asset Percentage"	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 lower of: <ul style="list-style-type: none"> (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; and (b) the percentage figure which 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).

"Extendable Maturity Covered Bonds"	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.
"Extended Covered Bonds"	The meaning given on page 137.
"Extended Due for Payment Date"	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"	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.
"Extraordinary Resolution"	A resolution of the holders of the Covered Bonds passed as such under the terms of the Trust Deed.
"FATCA"	The meaning given to such term on page 226.
"FATCA withholding"	The meaning given to such term on page 192.
"FCA"	UK Financial Conduct Authority.
"FIEA"	The Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended).
"Final Maturity Date"	The Interest Payment Date on which each Series of Covered Bonds will be redeemed at their Principal Amount Outstanding in accordance with the Conditions.
"Final Redemption Amount"	The meaning given in the relevant Final Terms.
"Final Terms"	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 FCA and the London Stock Exchange on or before the date of issue of the applicable Series and/or Tranche of Covered Bonds.
"First Issue Date"	The first Issue Date on which the Issuer will issue a Series of Covered Bonds under the Programme.
"Fitch"	Fitch Ratings Limited.
"Fitch Pre-Maturity Trigger"	The meaning given in " <i>Credit Structure – Pre-Maturity Liquidity</i> " on page 128.
"Fixed Coupon Amount"	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.
"Fixed Interest Period"	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 166.
"Fixed Rate Covered Bonds"	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).

"Fixed Rate Mortgage Loans"	Mortgage Loans which are subject to a fixed interest rate for a specified period of time (usually a period of two, three, four, 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.
"Floating Rate"	The meaning given in the ISDA Definitions.
"Floating Rate Convention"	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 167.
"Floating Rate Covered Bonds"	<p>Covered Bonds which bear interest at a rate determined:</p> <ul style="list-style-type: none"> (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; (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s), <p>as set out in the applicable Final Terms.</p>
"Floating Rate Option"	The meaning given in the ISDA Definitions.
"Following Business Day Convention"	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 167.
"Foreign Currency Contingent Payment Debt Covered Bonds"	Contingent payment debt Covered Bonds that are denominated, or provide for payments, in a currency other than the U.S. Dollar.
"foreign currency Covered Bonds"	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.
"FSA"	Financial Services Authority and any successor thereto, including the FCA.
"FSMA"	Financial Services and Markets Act 2000, as amended.
"FTT"	The Financial Transaction Tax proposed by the European Commission.
"Further Advance"	A further drawing in respect of Mortgage Loans sold by the Seller to the LLP.
"GIC Account"	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.
"GIC Provider"	Barclays Bank UK PLC, in its capacity as GIC provider pursuant to the Account Bank Agreement together with any successor GIC provider appointed from time to time.
"Global Covered Bond"	A Bearer Global Covered Bond and/or Registered Global Covered Bond, as the context may require.
"Guarantee"	Each guarantee in support of the obligations of a Borrower under a Mortgage Loan.

"Guarantee Priority of Payments"	The meaning given in " <i>Cashflows</i> " on page 135.
"Guaranteed Amounts"	(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.
"Guaranteed Investment Contract" or "GIC"	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.
"Halifax Index"	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.
"Halifax Price Indexed Valuation"	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.
"Hard Bullet Asset Percentage"	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 lower of: <ul style="list-style-type: none"> (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; or (b) the percentage figure which 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).
"Hard Bullet Covered Bonds"	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.
"Holders of the Covered Bonds" or "holders of the Covered Bonds"	The holders for the time being of the Covered Bonds.
"ICSDs"	The international central securities depositories, being Euroclear Bank SA/NV and Clearstream Banking, SA.
"IFRS"	International Financial Reporting Standards.
"Indexed Valuation"	At any date in relation to any Mortgage Account secured over any Property: <ul style="list-style-type: none"> (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.
"Indirect Participants"		The meaning given in " <i>Book-entry systems</i> " on page 152.
"Initial Consideration"	(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.
"Initial English Mortgage Loans"		English Mortgage Loans in the Initial Mortgage Loan Portfolio.
"Initial Moody's Asset Percentage"		The meaning given in " <i>Summary of the Principal Documents – LLP Deed</i> " on page 111.
"Initial Mortgage Loan Portfolio"		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: <ul style="list-style-type: none"> (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.

"Instalment Covered Bonds"	Covered Bonds which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms.
"Insurance Policies"	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.
"Intercompany Loan Agreement"	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.
"Interest Amount"	The amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination for the relevant Interest Period.
"Interest Commencement Date"	The meaning given to such term on page 166.
"Interest Determination Date"	In respect of Floating Rate Covered Bonds the meaning given in the applicable Final Terms.
"Interest Only Mortgage Loans"	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 Payment Date"	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).
"Interest Period"	The period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
"Interest Rate Shortfall"	The meaning given to such term on page 104.
"Interest Rate Shortfall Test"	The meaning given to such term on page 104.
"Investor Report"	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.
"IRS"	U.S. Internal Revenue Service.
"ISDA"	International Swaps and Derivatives Association, Inc..
"ISDA 1995 Credit Support Annex"	The ISDA 1995 Credit Support Annex as published by ISDA.
"ISDA Definitions"	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.
"ISDA Master Agreement"	The 1992 ISDA Master Agreement (Multicurrency-Cross Border), as published by ISDA.
"ISDA Rate"	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 168.
"Issue Date"	Each date on which the Issuer issues Covered Bonds to holders of the Covered Bonds.
"Issuer"	Barclays Bank UK PLC or BBUKPLC.
"Issuer Acceleration Notice"	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 193.
"Issuer Event of Default"	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 193.
"Financial Services Act"	Legislative Decree No. 58 of 24 February 1998, as amended.
"Latest Valuation"	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.
"LBI"	Lehman Brothers Inc.
"Ledger"	The Originator Trustee Ledgers and the LLP Ledgers.
"Legend"	The Registered Covered Bonds legend as set out in the Trust Deed
"Legended Covered Bonds"	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.
"Lending Criteria"	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.
"Liquidation Member"	Congadale Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered number 6386365).
"listed"	The Covered Bonds that have been admitted to trading on the main market of the London Stock Exchange and have been admitted to the Official List.
"LLP"	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.
"LLP Acceleration Notice"	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.

"LLP Accounts"	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.
"LLP Deed"	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.
"LLP Deed of Covenant"	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.
"LLP Event of Default"	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 195.
"LLP Ledgers"	The Ledgers maintained on behalf of the LLP by the Cash Manager pursuant to the terms of the Cash Management Agreement.
"LLP Management Committee"	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.
"LLP Payment Date"	The 16th day of each month or if not a Business Day the next following Business Day.
"LLP Payment Period"	The period from and including an LLP Payment Date to but excluding the next following LLP Payment Date.
"LLPA 2000"	Limited Liability Partnerships Act 2000.
"Loan Files"	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.
"London Business Day"	A day (other than a Saturday or Sunday or public holiday) on which banks are generally open for business in London.
"London Stock Exchange"	The London Stock Exchange plc.
"Long Maturity Covered Bond"	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.

"M1"	The calendar month, expressed as a number, in which the first day of the Accrual Period falls.
"M2"	The calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls.
"Margin"	The margin specified in the applicable Final Terms.
"Markets in Financial Instruments Directive"	Directive 2004/39/EC, as amended.
"Master Definitions Schedule"	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.
"MCOB"	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.
"Member"	Each member of the LLP.
"Member States"	The member states of the European Union.
"Members"	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.
"Minimum Specified Denomination"	The meaning given in the relevant Final Terms.
"Modified Following Business Day Convention"	The meaning given in Condition 4 (<i>Interest</i>) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 167.
"modifying agreement"	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.
"Monthly Payment"	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.
"Monthly Payment Date"	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 applicable, principal, in respect of such Mortgage Loan, as required by the applicable Mortgage Conditions.
"Moody's"	Moody's Investors Service Limited.
"Moody's Pre-Maturity Trigger"	The meaning given in " <i>Credit Structure – Pre-Maturity Liquidity</i> " on page 128.
"Mortgage"	An English Mortgage, a Scottish Mortgage or, as applicable, a Northern Irish Mortgage.
"Mortgage Account"	A Mortgage Loan and its associated Mortgage Reserve.

"Mortgage Account Balance"	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.
"Mortgage Account Debt Balance Decrease Amount"	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.
"Mortgage Account Debt Principal Balancing Amount"	<p>In relation to a Mortgage Account:</p> <p>(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:</p> <p style="padding-left: 40px;">(i) the then Mortgage Loan Principal Receipts Amount for such Mortgage Account;</p> <p style="padding-left: 80px;">less</p> <p style="padding-left: 40px;">(ii) the then Mortgage Account Debt Balance Decrease Amount for such Mortgage Account;</p> <p>(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.</p>
"Mortgage Account Portfolio"	The then Mortgage Loan Portfolio together with all the Reference Mortgage Reserves associated with such Mortgage Loans contained in the then Mortgage Loan Portfolio.
"Mortgage Conditions"	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.
"Mortgage Credit Directive"	Directive 2014/17/EU, relating to residential immovable property for consumers published in the Official Journal of the EU on 28 February 2014.
"Mortgage Loan Portfolio"	On any particular date, the Initial Mortgage Loan Portfolio and the New Mortgage Loan Portfolio.
"Mortgage Loan Principal Receipts"	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)).

"Mortgage Loan Principal Receipts Amount"	The aggregate amount of Mortgage Loan Principal Receipts received by the LLP in respect of a Mortgage Account during such Calculation Period.
"Mortgage Loan Repurchase Notice"	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.
"Mortgage Loan Revenue Receipts"	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)).
"Mortgage Loan Scheduled Payment Date"	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.
"Mortgage Loans", each a "Mortgage Loan"	Any English Mortgage Loan, Scottish Mortgage Loan or Northern Irish Mortgage Loan originated by the Seller.
"Mortgage Purchase Inducement Fee"	The meaning given to such term on page 88.
"Mortgage Reserve"	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.
"Mortgage Reserve Account"	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.
"Mortgage Reserve Account Balance"	In relation to each Mortgage Reserve, the aggregate outstanding principal balance of that Mortgage Reserve as at any given date.
"Mortgage Reserve Account Balance Increase Amount"	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).
"Mortgage Reserve Agreement"	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.
"Mortgage Reserve Conditions"	In relation to a Mortgage Reserve, the terms and conditions applicable to that Mortgage Reserve and its Related Security.

"Mortgage Reserve Credit and Aggregate Debt Limit"	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.
"Mortgage Reserve Credit and Aggregate Debt Limit Increase"	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.
"Mortgage Reserve Credit Limit"	The maximum permitted credit limit for a Mortgage Reserve pursuant to the Mortgage Conditions, which may be increased or decreased from time to time.
"Mortgage Reserve Interest"	The amount of interest charged to a Borrower on such Borrower's Reference Mortgage Reserve, from time to time.
"Mortgage Reserve Losses"	The realised losses experienced on the Reference Mortgage Reserves which are in the Reference Mortgage Reserve Portfolio.
"Mortgage Reserve Originator Trust"	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.
"Mortgage Reserve Originator Trust Beneficiary"	The LLP.
"Mortgage Reserve Originator Trust Deed"	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.
"Mortgage Reserve Principal Loss Reduction"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 98.
"Mortgage Reserve Principal Repayment Amount"	<p>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:</p> <ul style="list-style-type: none"> (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 <i>inter alios</i> 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", collectively, "Mortgaged Properties"	(a) In relation to any English Mortgage Loan, the freehold or leasehold property in England and Wales subject to the relevant Mortgage securing repayment of the English Mortgage Loan, (b) 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 (c) 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; and
- (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; and

- (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;
- (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"	<p>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:</p> <ul style="list-style-type: none"> (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, <p>and if so, the Released Potential MRT Interest Amount for such Reference Mortgage Reserve will be an amount equal to the lesser of:</p> <ul style="list-style-type: none"> (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, <p>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</p>

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 " <i>Summary of the Principal Documents</i> " on page 96.
"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>Namensschuldverschreibung</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.
"N Covered Bond Agreement"	In respect of any N Covered Bonds, an agreement between the Issuer, the Guarantor, the Bond Trustee and the relevant N Covered Bondholder.
"N Covered Bond Condition"	The meaning given to such term on page 160.
"Negative Carry Factor"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 110.
"Negative Interest Amounts"	The meaning given to it at Clause 13.2 of the Account Bank Agreement, Clause 16.2 of the Standby Account Bank Agreement or Clause 15.2 of the Swap Collateral Cash Account Bank Agreement, as applicable.
"Negative Interest Indemnity Amounts"	Any Negative Interest Amounts accrued with respect to (a) any LLP Account, (b) any Standby LLP Account or (c) the Swap Collateral Cash Account other than as a result of the wilful default, negligence or fraud on the part of the Account Bank, the Standby Account Bank or the Swap Collateral Cash Account Bank, as the case may be.
"New Loan Type"	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.
"New Member"	Any new member admitted to the LLP after the Programme Date.
"New Mortgage Account"	Mortgage Accounts, other than the Mortgage Accounts comprised in the Portfolio on the Programme Date.
"New Mortgage Loan"	Mortgage Loans, which the Seller may assign or transfer to the LLP after the Programme Date pursuant to the Mortgage Sale Agreement.

"New Mortgage Loan Portfolio"	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.
"New Mortgage Loan Portfolio Notice"	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.
"New Northern Irish Mortgage Loans"	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.
"New Safekeeping Structure"	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.
"New Scottish Mortgage Loan"	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.
"New Scottish Mortgage Loans Portfolio"	That part of the New Mortgage Loan Portfolio that comprises New Scottish Mortgage Loans and their Related Security.
"New Seller"	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.
"NGCB"	New Global Covered Bond.
"Non-Reference Mortgage Reserve"	A Mortgage Reserve that has ceased to be a Reference Mortgage Reserve in accordance with the terms of the Mortgage Reserve Originator Trust Deed.
"Northern Irish Mortgage"	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.
"Northern Irish Mortgage Loans"	Mortgage Loans secured by a Northern Irish Mortgage.
"Notice to Pay"	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 194.
"NSS"	New Safekeeping Structure.
"NY Supreme Court"	The Supreme Court of the State of New York.
"O"	A number equal to the Asset Percentage divided by: <ul style="list-style-type: none"> (a) in respect of Hard Bullet Covered Bonds, the Hard Bullet Asset Percentage; or (b) in respect of Covered Bonds Covered Bonds subject to an Extended Due for Payment Date, the Extendable Maturity Asset Percentage.

"Official List"	Official list of the FCA.
"Offset Mortgage Loan"	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,
"OFT"	Office of Fair Trading and any successor thereto, including the CMA.
"Ombudsman"	Financial Ombudsman Service under the FSMA.
"Original Due for Payment Date"	The meaning given in sub-paragraph (i) of the definition of "Due for Payment".
"Originator Trust Distribution Date"	Each LLP Payment Date.
"Originator Trustee"	Barclays Bank UK PLC.
"Originator Trustee Ledgers"	The Ledgers maintained on behalf of the Originator Trustee by the Cash Manager pursuant to the terms of the Cash Management Agreement.
"Partial Portfolio"	Part of any portfolio of Selected Mortgage Loans.
"parties in interest"	The meaning given to such term on page 227.
"Paying Agents"	The meaning given in the " <i>Terms and Conditions of the Covered Bonds</i> " on page 160.
"Payment Day"	The meaning given in Condition 5 (<i>Payments</i>) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 186.
"Permanent Global Covered Bond"	The meaning given in " <i>Form of the Covered Bonds</i> " on page 156.
"Plans"	The meaning given to such term on page 227.
"Portfolio"	The portfolio of Mortgage Accounts from time to time.
"Post-Enforcement Priority of Payments"	The meaning given in " <i>Cashflows</i> " on page 138.
"Potential Issuer Event of Default"	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 203.
"Potential LLP Event of Default"	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 203.
"Potential MRT Interest"	In respect of each Originator Trust Distribution Date and in relation to each Mortgage Reserve, the sum of: <ul style="list-style-type: none"> (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 (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".
"PRA"	Prudential Regulation Authority.

"Pre-Acceleration Principal Priority of Payments"	The meaning given in " <i>Cashflows</i> " on page 134.
"Pre-Acceleration Revenue Priority of Payments"	The meaning given in " <i>Cashflows</i> " on page 131.
"Pre-Maturity Liquidity Ledger"	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.
"Pre-Maturity Rating Triggers"	The Fitch Pre-Maturity Trigger, the S&P Pre-Maturity Trigger and the Moody's Pre-Maturity Trigger, and " Pre-Maturity Rating Trigger " means any one of these.
"Pre-Maturity Test"	On a Pre-Maturity Test Date, if the Issuer fails or breaches the following conditions: <ul style="list-style-type: none"> (a) the Issuer's short-term credit rating, as applicable, 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 twelve months of the relevant Pre-Maturity Test Date; (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 (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.
"Pre-Maturity Test Date"	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.
"Preceding Business Day Convention"	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 167.
"Principal Amount Outstanding"	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.
"Principal Ledger"	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.
"Principal Paying Agent"	The meaning given in " <i>Terms and Conditions of the Covered Bonds</i> " on page 160.

"Principal Receipts"	Any Mortgage Loan Principal Receipts and/or MRT Principal Receipts, as the case may be.
"Priorities of Payments"	The orders of priority for the allocation and distribution of amounts standing to the credit of the LLP Accounts in different circumstances.
"Product Switch"	<p>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:</p> <ul style="list-style-type: none"> (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.
"Programme"	The €35 billion covered bond programme of Barclays Bank UK PLC.
"Programme Agreement"	The meaning given in " <i>Subscription and Sale and Transfer and Selling Restrictions</i> " on page 230.
"Programme Date"	18 December 2007.
"Programme Resolution"	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.
"Property"	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.
"Prospectus Regulation"	Regulation (EU) 2017/1129.
"Prudent Mortgage Lender"	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.
"PTCE"	Prohibited Transaction Class Exemption.

"Purchaser"	Any third party or the Seller to whom the LLP offers to sell Selected Mortgage Loans.
"QIB" or "QIBs"	A "qualified institutional buyer" within the meaning of Rule 144A.
"Qualified Institution"	A bank which is (a) a bank as defined for the purposes of section 878 of the Income Tax Act 2007 and which pays any relevant interest in the ordinary course of its business and (b) 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"	Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of Notes, is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act;.
"qualified stated interest"	The meaning given to such term on page 220.
"RAO"	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
"Rating Agencies"	Moody's, S&P and Fitch, and each a " Rating Agency ".
"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 160.
"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 185.
"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 189.
"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, provided however that 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.
"Registered Covered Bonds"	Covered Bonds in registered form.
"Registered Definitive Covered Bonds"	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.
"Registered Global Covered Bonds"	The Rule 144A Global Covered Bonds together with the Regulation S Global Covered Bonds.
"Registers of Scotland"	The Land Register of Scotland and the General Register of Sasines.
"Registrar"	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 160.
"main market of the London Stock Exchange"	A main market for the purposes of the Markets in Financial Investments Directive 2004/39/EC of the London Stock Exchange.
"Regulated Mortgage Contract" or "Regulated Mortgage Contracts"	The meaning given in <i>"Risk Factors – Regulation of the UK Residential Mortgage Market"</i> on page 24.
"Regulation No. 11971"	The CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time.
"Regulation S"	Regulation S under the Securities Act.
"Regulation S Covered Bonds"	The meaning given in <i>"Subscription and Sale and Transfer and Selling Restrictions"</i> on page 235.
"Regulation S Global Covered Bond"	The meaning given in <i>"Form of the Covered Bonds"</i> on page 157.
"Related Security"	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.
"Relevant Date"	The meaning given in Condition 7 (<i>Taxation</i>) in <i>"Terms and Conditions of the Covered Bonds"</i> on page 192.

"Relevant Dealers"	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.
"Relevant Final Terms"	The Final Terms with respect to the series of Covered Bonds offered which accompany the Base Prospectus when delivered to the U.S.
"Relevant State"	Each Member State of the European Economic Area and the United Kingdom.
"relevant Series of Covered Bonds"	The meaning given for such term on page 6.
"Repayment Mortgage Loans"	The meaning given for such term on page 142.
"Representations and Warranties"	The representations and warranties set out in Schedule 1 (<i>Representations and Warranties</i>) of the Mortgage Sale Agreement.
"Required Principal Outstanding Balance Amount"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 113.
"Required Redemption Amount"	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)).
"Reserve Fund"	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.
"Reserve Fund Required Amount"	<p>If:</p> <ul style="list-style-type: none"> (a) the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&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; (b) the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated below A-1+ by S&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 (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.

"Reserve Ledger"	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.
"Reset Date"	The meaning given in the ISDA Definitions.
"Resident of Japan"	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 UK Limited
"S&P Pre-Maturity Trigger"	The meaning given in " <i>Credit Structure – Pre-Maturity Liquidity</i> " on page 128.
"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 (" Excluded Scheduled Interest 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 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) (<i>Redemption due to illegality</i>) (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.
"Scottish Additional Reference Mortgage Reserve Portfolio"	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.
"Scottish Declaration of Trust"	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.
"Scottish Mortgage"	A first ranking standard security over a residential property in Scotland.
"Scottish Mortgage Loans"	Mortgage Loans secured by Scottish Mortgages.
"Scottish Reference Mortgage Reserve"	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.
"Scottish Reference Mortgage Reserve Portfolio"	Each portfolio of Scottish Reference Mortgage Reserves specified in a Scottish Declaration of Trust.
"Scottish Supplemental Charge"	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.
"Scottish Trust Property"	The meaning specified in each Scottish Declaration of Trust.
"SEC"	The U.S. Securities and Exchange Commission.
"Secured Creditors"	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.
"Securities Act"	The United States Securities Act of 1933, as amended.
"Securities Custodian"	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.

"Security"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 123.
"Security Trustee"	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.
"Selected Mortgage Accounts"	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.
"Selected Mortgage Loans"	Mortgage Loans and their Related Security forming part of the Selected Mortgage Accounts to be sold by the LLP.
"Selected Mortgage Loans Offer Notice"	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.
"Selected Mortgage Loans Repurchase Notice"	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.
"Selection Date"	The meaning given in Condition 6 (<i>Redemption and Purchase</i>) in " <i>Terms and Conditions of the Covered Bonds</i> " on page 189.
"Seller"	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.
"Seller Mortgage Reserve Capital Contribution"	The meaning given in " <i>Summary of the Principal Documents</i> " on page 97.
"Seller's Policy"	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.
"Series"	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.
"Series Reserved Matter"	In relation to Covered Bonds of a Series: <ul style="list-style-type: none"> (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; (b) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made; (c) alteration of the majority required to pass an Extraordinary Resolution;

- (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);
- (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.

"Share Trustee"	Intertrust Corporate Services having its registered office at 35 St. Helen's, London EC3A 6AP.
"short-term Covered Bond"	The meaning given to such term on page 221.
"Similar Law"	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.
"Specified Currency"	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.
"Specified Denomination"	In respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the applicable Final Terms.
"Specified Interest Payment Date"	The meaning given in the applicable Final Terms.
"Standard Variable Rate Mortgage Loans"	Mortgage Loans which track and are subject to the Barclays Standard Variable Rate for the life of the Mortgage Loan.
"Standby Account Bank"	Citibank N.A., London Branch in its capacity as Standby Account Bank pursuant to the Standby Account Bank Agreement.
"Standby Account Bank Agreement"	The standby account bank agreement entered into on 5 December 2019, as amended and/or supplemented and/or restated from time to time, between the LLP, the Standby Account Bank, the Cash Manager and the Security Trustee.
"Standby Euro Transaction Account"	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.

"Standby GIC Account"	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.
"Standby LLP Accounts"	The Standby Euro Transaction Account, the Standby USD Transaction Account and the Standby GIC Account.
"Standby USD Transaction Account"	The U.S.\$ 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.
"Sterling Equivalent"	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.
"Sterling/FRN"	As specified in the relevant Final Terms.
"sub-unit"	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.
"Subsidiary"	<p>In relation to any person (the "First Person") at any particular time, any other person (the "Second Person"): </p> <ul style="list-style-type: none"> (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 (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the First Person.
"Substitution Assets"	<p>Each of:</p> <ul style="list-style-type: none"> (c) Sterling gilt-edged securities and other UK government or public securities; (d) Sterling demand or time deposits, certificates of deposit, long-term debt obligations, and short-term debt obligations, provided that 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&P and F1+ by Fitch or their equivalents by three other internationally recognised rating agencies; and (e) 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&P and F1+ by Fitch or their equivalents by three other internationally recognised rating agencies, <p>provided that 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>

"Swap Agreement Credit Support Document"	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).
"Swap Agreements"	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 "Swap Agreement" .
"Swap Collateral"	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.
"Swap Collateral Account Bank"	The Swap Collateral Cash Account Bank and any Swap Collateral Custody Account Bank.
"Swap Collateral Accounts"	The Swap Collateral Cash Account Accounts and the Swap Collateral Custody Accounts.
"Swap Collateral Cash Account Bank"	HSBC Bank plc 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.
"Swap Collateral Cash Account Bank Agreement"	The swap collateral cash account bank agreement entered into on 5 December 2019, as amended and/or supplemented and/or restated from time to time, between the LLP, the Swap Collateral Cash Account Bank, the Cash Manager and the Security Trustee.
"Swap Collateral Cash Accounts" or "Swap Collateral Cash Account"	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.
"Swap Collateral Custody Accounts" or "Swap Collateral Custody Account"	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.
"Swap Collateral Excluded Amounts"	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.
"Swap Provider Default"	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.
"Swap Provider Downgrade Event"	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.
"Swap Providers"	The TRS Provider and the Covered Bond Swap Provider, and each a "Swap Provider" .
"Swap Rate"	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.
"Swaps"	The TRS together with the Covered Bond Swap.
"Talons"	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 160.
"TARGET Settlement Day"	Any day on which TARGET2 is open for the settlement of payments in euro.
"TARGET2"	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.
"Temporary Global Covered Bond"	The meaning given in <i>"Form of the Covered Bonds"</i> on page 156.
"Term Advance"	Each term advance made by the Issuer to the LLP from the proceeds of Covered Bonds pursuant to the Intercompany Loan Agreement.
"Term Tracker Rate Mortgage Loans"	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).
"Third Party Amounts"	Each of: <ul style="list-style-type: none"> (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); (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; (c) payments by the Borrower of any fees (including any Early Repayment Charge) and other charges which are due to the Seller; (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); (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);

- (f) any amounts owed to the Seller pursuant to Clause 8 (*Trust of Monies*) of the Mortgage Sale Agreement; and
- (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,

which amounts may be paid daily from moneys on deposit in the GIC Account.

"Title Deeds"

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.

"Tracker Rate Mortgage Loans"

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.

"Tranche" or "Tranches"

Covered Bonds which are identical in all respects.

"Transaction Accounts"

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.

"Transaction Documents"

Collectively:

- (a) Account Bank Agreement;
- (b) Administration Agreement;
- (c) Agency Agreement;
- (d) Asset Monitor Agreement;
- (e) Asset Pool Monitor Agreement;
- (f) Cash Management Agreement;
- (g) Corporate Services Agreement;
- (h) Custody Agreement;
- (i) Deed of Charge (and any documents entered into pursuant to the Deed of Charge, including, without limitation, each Scottish Supplemental Charge);
- (j) Intercompany Loan Agreement;
- (k) LLP Deed;
- (l) LLP Deed of Covenant;
- (m) Master Definitions Schedule;
- (n) Mortgage Reserve Originator Trust Deed;

- (o) Mortgage Sale Agreement;
- (p) Programme Agreement;
- (q) each Scottish Declaration of Trust;
- (r) Standby Account Bank Agreement;
- (s) Swap Agreements;
- (t) Swap Collateral Cash Account Bank Agreement;
- (u) Trust Deed;
- (v) each set of Final Terms (as applicable (i) in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement and (ii) in respect of any Series of N Covered Bonds);
- (w) each Subscription Agreement (as applicable in the case of each Tranche of listed Covered Bonds subscribed pursuant to a subscription agreement); and
- (x) any other agreement entered into by the LLP with the prior written consent of the Security Trustee and designated as a Transaction Document.

"Transfer Agent" or "Transfer Agents"	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 160.
"Transfer Certificate"	The meaning given in Condition 2(e) (<i>Transfers of interests in Regulation S Global Covered Bonds</i>) in <i>"Terms and Conditions of the Covered Bonds"</i> on page 164.
"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 Bank UK PLC, 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 119.
"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 a compounded daily SONIA rate.
"Trust Deed"	The meaning given in <i>"Terms and Conditions of the Covered Bonds"</i> on page 160.
"Trustee"	SIPA Trustee for Lehman Brothers Inc.
"U.S. Holder"	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: <ul style="list-style-type: none"> (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 "**Non-U.S. Holder**" means a beneficial owner of a Covered Bond that is neither a partnership nor 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 Treasury"	The UK HM Treasury.
"Unfair Practices Directive"	The EU directive on unfair business-to-consumer commercial practices (2005/29/EC).
"United Kingdom" and "UK"	Abbreviated references to the United Kingdom of Great Britain and Northern Ireland.
"UK CRA Regulation"	Regulation (EC) No. 1060/2009 as amended and as it forms part of UK domestic law by virtue of the EUWA.
"UK EMIR"	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories as amended and as it forms part of UK domestic law by virtue of the EUWA.
"UK MiFIR "	Regulation (EU) No 600/2014 as amended and as it forms part of UK domestic law by virtue of the EUWA.
"UK Prospectus Regulation"	Regulation (EU) 2017/1129 as amended and as it forms part of the UK domestic law by virtue of the EUWA.
"UK Benchmark Regulation"	Regulation (EU) No. 2016/1011, as amended and as it forms part of the UK domestic law by virtue of the EUWA.
"United States" and "U.S."	Abbreviated references to the United States of America.
"Underpayment"	A situation where a Borrower makes a monthly payment on its Mortgage Loan which is less than the required monthly payment for that month.
"U.S. Dollar Transaction Account"	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.

"UTCCR"	Unfair Terms in Consumer Contracts Regulations 1999 and the Unfair Terms in Consumer Contracts Regulations 1994 as amended.
"Valuation Report"	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.
"variable rate debt Covered Bonds"	The meaning given to such term on page 222.
"Withdrawal Date"	The date on which the United Kingdom exits the European Union.
"Y1"	The year, expressed as a number, in which the first day of the Accrual Period falls.
"Y2"	The year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls.
"Yield Shortfall Test"	The meaning given to such term on page 104.
"Zero Coupon Covered Bonds"	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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