NATIONWIDE BUILDING SOCIETY

(*incorporated in England and Wales under the Building Societies Act 1986, as amended*)

Issuer Legal Entity Identifier (LEI): 549300XFX12G42QIKN82

€45 billion

Global Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments by

Nationwide Covered Bonds LLP

(*a limited liability partnership incorporated in England and Wales*)

Under this €45 billion covered bond programme (the **Programme**), Nationwide Building Society (the **Issuer**) may from time to time issue bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Nationwide Covered Bonds LLP (the **LLP**) has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee which is secured over the Portfolio (as defined below) and its other assets. Recourse against the LLP under its guarantee is limited to the Portfolio and such assets.

Covered Bonds may be issued in bearer (**Bearer Covered Bonds**) or registered (**Registered Covered Bonds**) or A$ registered (**A$ Registered Covered Bonds**) form. See "*Form of the Covered Bonds*" for a description of the manner in which Covered Bonds will be issued. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €45 billion (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Covered Bonds may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each, a **Dealer** and together, the **Dealers**), which appointment may be to a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealers** 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. The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

See "*Risk Factors*" on page 31 for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds.

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 it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time (**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.

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 London Stock Exchange plc (the **London Stock Exchange**) for such Covered Bonds to be admitted to trading on the main market of the London Stock Exchange (the **main market of the London Stock Exchange**) which is a **UK regulated market** for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**). 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 certain other terms are applicable to each Tranche (as defined under "*Terms and Conditions of the Covered Bonds*") of Covered Bonds will be set out in a separate document containing the final terms for that Tranche (**Final Terms**) which, with respect to Covered Bonds to be admitted to the Official List and admitted to trading on the regulated market of the London Stock Exchange, will be delivered to the FCA and the regulated market of the London Stock Exchange on or before the date of issue of such Tranche of Covered Bonds.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Covered Bonds which are to be admitted to trading on a regulated market in the United Kingdom (the **UK**) and/or offered to the public in the UK other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the UK Prospectus Regulation or Section 86 of the Financial Services and Markets Act 2000 (**FSMA**).

The requirement to publish a prospectus under FSMA only applies to Covered Bonds which are admitted to trading on a UK regulated market as defined in UK MiFIR and/or offered to the public in the EEA or the UK other than in circumstances where an exemption is available under section 86 of the FSMA. 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.

As at the date of this Base Prospectus: (i) long-term senior obligations of the Issuer are rated "A+" by S&P Global Ratings UK Ltd (**S&P**), "A1" by Moody's Investors Service Ltd. (**Moody's**) and "A" by Fitch Ratings Limited (**Fitch**); and (ii) short-term senior obligations of the Issuer are rated "A-1" by S&P, "P-1" by Moody's and "F1" by Fitch. Each of Fitch, Moody's and S&P are established in the UK and are registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). None of Moody's, S&P or Fitch is established in the European Union and they have not applied for registration under Regulation (EC) No. 1060/2009 as amended (the **CRA Regulation**). Accordingly, the ratings issued by Moody's, S&P and Fitch have been endorsed by Moody's Deutschland GmbH, S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited respectively in accordance with the CRA Regulation and have not been withdrawn. Each of Moody's Deutschland GmbH, S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. As such each of Moody's Deutschland GmbH, S&P Global Ratings Europe Limited 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 (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

The Issuer and the LLP may agree with any Dealer and the Bond Trustee that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds herein, in which event a drawdown prospectus or a new Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

The Issuer may issue unlisted Covered Bonds or N Covered Bonds from time to time, for which no prospectus is required to be published under the UK 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 document under this Base Prospectus. The FCA has neither approved nor reviewed information contained in this Base Prospectus in connection with any unlisted Covered Bonds or N Covered Bonds.

The Issuer has been admitted to the FCA's register of issuers and the Programme and all Covered Bonds previously issued under the Programme have been admitted to the register of Regulated Covered Bonds under the Regulated Covered Bonds Regulations 2008 (as amended) (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) (the **RCB Regulations**).

The Covered Bonds and the Covered Bond Guarantee (as defined below) have not been and will not be registered under the US Securities Act of 1933, as amended (the **Securities Act**), or under the applicable securities laws or the regulations of any state of the United States, and may not be offered, sold or delivered in the United States or to, or for the benefit of, US persons (as defined in Regulation S (**Regulation S**) under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Covered Bonds are being offered (a) outside the United States to non-US persons in reliance on Regulation S and (b) in the case of Registered Covered Bonds only, within the United States only to "qualified institutional buyers" (**QIBs**) (as defined in Rule 144A under the Securities Act (**Rule 144A**)) in compliance with Rule 144A or in other transactions exempt from registration under the Securities Act. Registered Covered Bonds are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Neither this Base Prospectus nor any other disclosure document (as defined in the Corporations Act) in relation to the A$ Registered Covered Bonds has been, and nor will any such document be, lodged with the Australian Securities and Investments Commission (**ASIC**) and no such document is, and nor does it purport to be, a document containing disclosure to investors for the purposes of Part 6D.2 or Part 7.9 of the Corporations Act. This Base Prospectus is not intended to be used in connection with any offer for which such disclosure is required and this document does not contain all the information that would be required by those provisions if they applied. This Base Prospectus is not to be provided to any 'retail client' as defined in section 761G or section 761GA of the Corporations Act and this document does not take into account the individual objectives, financial situation or needs of any prospective investor. In addition, no securities regulatory authority has reviewed information contained in the Base Prospectus in connection with the A$ Registered Covered Bonds.

Neither the Issuer nor the LLP is a building society nor a bank nor an authorised deposit-taking institution which is authorised under the Banking Act 1959 (Cth) of Australia (the **Australian Banking Act**) nor are either of them authorised to carry on banking business under the Australian Banking Act. The A$ Registered Covered Bonds are not obligations of any government and, in particular, are not guaranteed by the Commonwealth of Australia. Neither the Issuer nor the LLP is supervised by the Australian Prudential Regulation Authority. A$ Registered Covered Bonds that are offered for issue or sale or transferred in, or into, Australia are offered only in circumstances that would not require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act and issued and transferred in compliance with the terms of the exemption from compliance with section 66 of the Australian Banking Act that is available to the Issuer. Such A$ Registered Covered Bonds are issued or transferred in, or into, Australia in parcels of not less than A$500,000 in aggregate principal amount. An investment in any A$ Registered Covered Bonds issued by the Issuer will not be covered by the depositor protection provisions in section 13A of the Australian Banking Act and will not entitle A$ Registered Covered Bondholders to claim under the financial claims scheme under Division 2AA of the Australian Banking Act.

Interest payable under the Covered Bonds may be calculated by reference to the Euro Inter-Bank Offered Rate (**EURIBOR**), the Bank Bill Swap Rate (**BBSW**), the Sterling Overnight Index Average (**SONIA**), the Secured Overnight Financing Rate (**SOFR**) or the Euro Short-Term Rate (€**STR**) provided by the European Money Markets Institute, ASX Benchmarks Pty Limited, the Bank of England,

the Federal Reserve Bank of New York and the European Central Bank, respectively. As at the date of this Base Prospectus, the administrator of EURIBOR appear on the register of administrators and benchmarks established and maintained by the Financial Conduct Authority in accordance with Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**). The administrator of BBSW does not currently appear on the register of administrators and benchmarks established and maintained by the FCA in accordance with Article 36 of the UK Benchmarks Regulation. The administrators of SONIA, SOFR and €STR are not currently required to obtain authorisation/registration and SONIA, SOFR and €STR do not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 of that regulation.

The Covered Bonds issued under the Programme are expected on issue to be assigned two or more of an "AAA" rating by S&P, an "AAA" rating by Fitch and an "Aaa" rating by Moody's, as applicable. Such ratings will be endorsed by S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The rating of certain Series of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. In general, European regulated investors are restricted under the CRA Regulation from using a rating for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the 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 CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

For any A$ Registered Covered Bonds issued, credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G or section 761GA of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or Part 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Base Prospectus and anyone who receives this Base Prospectus must not distribute it to any person who is not entitled to receive it.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED NOR DISAPPROVED OF THESE SECURITIES OR DETERMINED THAT THIS BASE PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

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

Arranger for the Programme

BARCLAYS

Dealers for the Programme

BARCLAYS	**BNP PARIBAS**	**CITIGROUP**	**DEUTSCHE BANK**
HSBC	**J.P. MORGAN**	**LLOYDS BANK CORPORATE MARKETS**	**NATWEST MARKETS**
NOMURA	**RBC CAPITAL MARKETS**	**SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING**	**TD SECURITIES**

UBS INVESTMENT BANK

The date of this Base Prospectus is 21 June 2024.

The Issuer and the LLP each accept responsibility for the information contained in this 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.

The Issuer has been admitted to the FCA's register of issuers and the Programme and all Covered Bonds previously issued under the Programme have been admitted to the register of Regulated Covered Bonds under the RCB Regulations.

Copies of each set of Final Terms (in the case of Covered Bonds to be admitted to the Official List) will be available from FT Business Research Centre, operated by FT Interactive Data at Fitzroy House, 13-17 Epworth Street, London EC2A 4DL and (in the case of Covered Bonds to be admitted to the Official List and also all unlisted Covered Bonds) on the Issuer's website at *https://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/* and from the specified office set out below of each of the Paying Agents (as defined below). 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, all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and any 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*"), 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. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers, the Bond Trustee or the Security Trustee as to the information contained or incorporated by reference in this Base Prospectus, any other information provided by the Issuer and the LLP in connection with the Programme or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. Neither the Arranger, the Dealers, the Bond Trustee nor 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. The Arranger, the Dealers, the Bond Trustee and the Security Trustee accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Covered Bonds, the Transaction Documents or this Base Prospectus.

No person is or has been authorised by the Issuer, the LLP, the Arranger, any of the Dealers, the Bond Trustee or the Security Trustee to give any information or to make any representation not contained in 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 Dealers, 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 (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the LLP, the Seller, the Arranger, any of the Dealers, 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 Dealers, 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 the same. The Arranger, the Dealers, 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 or potential investor in the Covered Bonds of any information coming to their attention. Investors should review, among other things, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Covered Bonds.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the relevant Dealer (as defined in the Base Prospectus) or any affiliate of such Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealer or such affiliate on behalf of the Issuer (as defined in the Base Prospectus) in such jurisdiction.

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97, as amended or superseded (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**). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – 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 (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 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 UK MiFIR; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of 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.

IMPORTANT NOTICE – SFA NOTIFICATION LEGEND – Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), unless otherwise specified before an offer of Covered Bonds, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Covered Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the 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 neither the Arranger nor the Dealers nor 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 Dealers, 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 Dealers, 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, sold or delivered, 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, Japan, Australia and the Republic of Italy, see "*Subscription and Sale and Transfer and Selling Restrictions*".

All references in this document to **Sterling** and **£** refer to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland, references to **euro** and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to **US Dollars** and **$** refer to United States dollars and references to **Yen**, **JPY** and **¥** refer to Japanese Yen.In connection with the issue of any Tranche of Covered Bonds (other than A$ Registered Covered Bonds), one or more relevant Dealers acting as stabilising manager (each a **Stabilising Manager**) may over-allot Covered Bonds (provided that, in the case of any Tranche of Covered Bonds to be admitted to trading on the London Stock Exchange or any other regulated market in the United Kingdom (within the meaning given in UK MiFIR)) or any regulated market in the European Economic Area (within the meaning given in MiFID II), the aggregate principal amount of Covered Bonds allotted does not exceed 105% of the aggregate principal amount of the relevant Tranche) or effect transactions with a

view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail (in each case outside Australia and not on any market in Australia). 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 (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The Covered Bonds may not be a suitable investment for all investors and 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 (the **SEC**) 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 unlawful.

None of the Arranger, the Dealers, 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.

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

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*" below.

INTERPRETATION

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Covered Bonds are legal investments for it, (b) Covered Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

The Covered Bonds may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Covered Bonds, the merits and risks of investing in the relevant Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Covered Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Covered Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;

- understand thoroughly the terms of the relevant Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets;

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

- understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Covered Bonds.

Some Covered Bonds are complex financial instruments, and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds, which are complex financial instruments, unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of such Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

US INFORMATION

The Issuer has not registered, and will not register, the Covered Bonds and Covered Bond Guarantees under the Securities Act and purchasers of the Covered Bonds and the Covered Bond Guarantees may not offer, sell or deliver them in the United States or to, or for the account or benefit of, US persons as defined in Regulation S except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Registered Covered Bonds may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Prospective purchasers are hereby notified that the offer and sale of any Covered Bonds may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

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

By requesting copies of any of the documents referred to herein, each potential purchaser agrees to keep confidential the various documents and all written information clearly labelled "Confidential" which from time to time have been or will be disclosed to it concerning the LLP or the Issuer or any of their affiliates and agrees not to disclose any portion of the same to any person.

Notwithstanding anything in this Base Prospectus to the contrary, each prospective investor (and each employee, representative and other agent of the investor) may disclose to any and all persons, without limitations of any kind, the US federal income tax treatment and US tax structure of the transactions contemplated by this Base Prospectus and all materials of any kind (including tax opinions or other tax analyses) relating to such US tax treatment and US tax structure.

However, any such information relating to the US tax treatment or US tax structure is required to be kept confidential to the extent necessary to comply with any applicable federal or state securities laws.

You may not transfer Covered Bonds sold in the United States, except in accordance with the restrictions described under the section entitled "*Subscription and Sale and Transfer and Selling Restrictions—Transfer Restrictions*" of this Base Prospectus. The Issuer will deem each purchaser of the Covered Bonds in the United States to have made the representations and agreements contained in this Base Prospectus.

The Covered Bonds and Covered Bond Guarantee have not been approved or disapproved by the US Securities and Exchange Commission or any state or foreign securities commission or any regulatory authority. The foregoing authorities have not confirmed the accuracy or determined the adequacy of this Base Prospectus. Any representation to the contrary is a criminal offence.

FORWARD-LOOKING STATEMENTS

This Base Prospectus contains projections of some financial data and discloses plans and objectives for the future. This forward-looking information, as defined in the United States Private Securities Litigation Reform Act of 1995, reflects the Issuer's views regarding future events and financial performance.

The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. The Issuer cautions you not to place undue reliance on these forward-looking statements, which in any event speak only as of the date of this Base Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risk factors beginning on page 31 of this Base Prospectus and many other factors could cause actual events and results to differ materially from historical results or those anticipated. See the section "*Description of Business*" on pages 89 – 103 of the Registration Document.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a building society organised under the laws of England and Wales, and the LLP is a limited liability partnership organised under the laws of England and Wales. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and the LLP and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England and Wales (as applicable) upon the Issuer, the LLP or such persons, or to enforce judgments against them obtained in courts outside England and Wales (as applicable) predicated upon civil liabilities of the Issuer or such directors and officers under laws other than English law, including any judgment predicated upon United States federal securities laws. The Issuer has been advised by Allen Overy Shearman Sterling LLP, its counsel, that there is doubt as to the enforceability in England and Wales in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

WHERE YOU CAN FIND MORE INFORMATION

The IFRS Financial Statements are incorporated by reference in this Base Prospectus. The Issuer will not distribute these financial statements to holders of the Covered Bonds but will make them available to these holders upon request. You should direct requests for copies of these financial statements to the Treasury, Nationwide Building Society, Nationwide House, Pipers Way, Swindon, SN38 1NW.

As of the date of this Base Prospectus, the Issuer does not file reports or other information with the US Securities and Exchange Commission. To preserve the exemption for resales and other transfers of Covered Bonds that are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Issuer has agreed to furnish the information required pursuant to Rule 144A(d)(4) of the Securities Act if a holder of Covered Bonds or any beneficial interest therein, or a prospective purchaser specified by a holder of Covered Bonds or beneficial owner, requests such information. The Issuer will continue to provide such information for so long as it is neither subject to the reporting requirements of Section 13

or 15(d) of the US Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from such reporting requirements pursuant to Rule 12g3-2(b) of the Exchange Act.

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PRINCIPAL CHARACTERISTICS OF THE PROGRAMME

Issuer:	Nationwide Building Society
Guarantor:	Nationwide Covered Bonds LLP
Regulated Covered Bonds:	The Issuer and the Programme and all Covered Bonds previously issued under the Programme have been registered under the RCB Regulations
Nature of eligible property:	Residential mortgage loans, Substitution Assets up to the prescribed limit and Authorised Investments
Location of eligible residential property underlying Loans:	England, Wales, Scotland or Northern Ireland
Maximum True Balance to Indexed Valuation ratio given credit under the Asset Coverage Test:	75%
Maximum Asset Percentage:	93%
Asset Coverage Test:	As set out on page 187
Statutory minimum over collateralisation:	The eligible property in the asset pool must be more than 108% of the Principal Amount Outstanding of the Covered Bonds
Amortisation Test:	As set out on page 188
Extended Maturities:	Available
Hard Bullet Maturities:	Available
Asset Monitor:	KPMG LLP
Asset Pool Monitor:	KPMG LLP
Asset Segregation from Issuer:	Yes
Namensschuldverschreibungen option:	Yes
A$ Registered Covered Bond Option	Yes
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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have previously been published or are published simultaneously with this Base Prospectus and have been admitted to and filed with the Financial Conduct Authority (the **FCA**) and shall be incorporated in, and form part of, this Base Prospectus:

(a) the audited consolidated financial statements of the Issuer as of and for the financial year ended 4 April 2024 and the auditors' report thereon (contained on pages 220 to 315 (inclusive) of the Issuer's annual report for the year ended 4 April 2024) (the **2024 Financial Statements**);

(b) the audited consolidated financial statements of the Issuer as of and for the financial year ended 4 April 2023 and the auditors' report thereon (contained on pages 219 to 317 (inclusive) of the Issuer's annual report for the year ended 4 April 2023) (the **2023 Financial Statements**);

(c) the audited consolidated financial statements of the Issuer as of and for the financial year ended 4 April 2022 and the auditors' report thereon (contained on pages 218 to 321 (inclusive) of the Issuer's annual report for the year ended 4 April 2022) (the **2022 Financial Statements**);

(d) the auditors' reports and audited financial statements of the LLP as of and for the financial years ended 4 April 2022 and 4 April 2023;

(e) the Issuer's announcement "*Recommended Cash Acquisition of Virgin Money UK PLC by Nationwide Building Society*" published on 21 March 2024;

(f) the Registration Document of the Issuer dated 21 June 2024 (the **Registration Document**); and

(g) the terms and conditions of the Covered Bonds contained in the previous base prospectuses relating to the Programme dated 30 November 2005, 25 June 2007, 2 June 2008, 19 June 2008, 3 July 2009, 1 July 2010, 15 July 2011, 28 June 2012, 26 July 2013, 31 July 2014, 31 July 2015, 29 July 2016, 28 July 2017, 27 July 2018, 15 July 2019, 3 February 2020, 12 February 2021, 25 February 2022, 2 September 2022 and 14 September 2023,

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 23 of the UK Prospectus Regulation modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Documents which are referred to or incorporated by reference into the documents listed above do not form part of this Base Prospectus. Where only certain parts of documents are being incorporated by reference, any non-incorporated parts of documents referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer and the LLP will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed either to the Issuer, Nationwide House, Pipers Way, Swindon, SN38 1NW and marked for the attention of Treasury or (as applicable) the LLP, at its office as set out at the end of this Base Prospectus.

The Issuer and the LLP have each undertaken to the Dealers in the Programme Agreement to comply with Section 87G of the FSMA 2000. In the event that a supplementary prospectus is produced pursuant to such undertaking, a copy of such supplementary prospectus will accompany this Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus will be available for viewing without charge (i) at the offices of the Issuer at Nationwide House, Pipers Way, Swindon, SN38 1NW and (ii) on the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/news/market-*

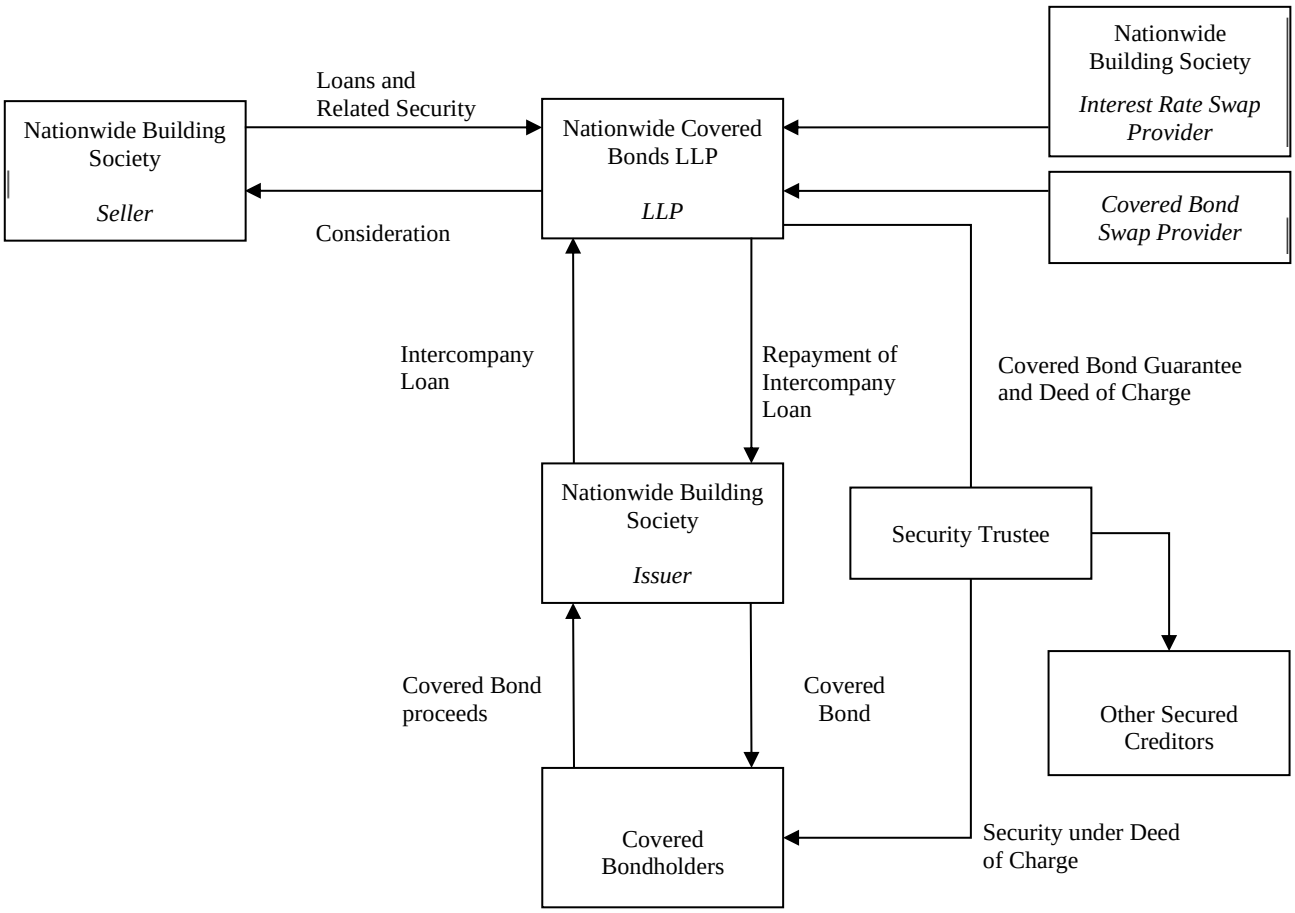
news/market-news-home.html and on the website of the Issuer at *https://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/*. Please note that websites and URLs referred to herein do not form part of this Base Prospectus. To the extent that any document incorporated by reference in this Base Prospectus incorporates further information by reference, such further information does not form part of this Base Prospectus.

In the event of any material mistake or material inaccuracy which is capable of affecting the assessment of any Covered Bonds, a supplement to this Base Prospectus or a new Base Prospectus will be prepared for use in connection with any subsequent issue of Covered Bonds.

STRUCTURE OVERVIEW

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Covered Bonds should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. No civil liability will attach to either Responsible Person in such Member State or the UK solely on the basis of this overview, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the EEA or the UK, the claimant may, under the national legislation of the Member State where the claim is brought or the UK, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

The information is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus. Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this summary. A glossary of certain defined terms used in this document is contained at the end of this Base Prospectus



Structure Overview

- *Programme*: Under the terms of the Programme, the Issuer may issue Covered Bonds to holders of the Covered Bonds on each Issue Date. The Covered Bonds will be direct, unsecured and unconditional obligations of the Issuer.

- *Intercompany Loan Agreement*: Under the terms of the Intercompany Loan Agreement, the Issuer will make Term Advances to the LLP in an amount equal to the Principal Amount Outstanding on the Issue Date of each Series or, as applicable, Tranche of Covered Bonds. Payments by the Issuer of amounts due under the Covered Bonds are not conditional upon receipt by the Issuer of payments from the LLP pursuant to the Intercompany Loan Agreement. Amounts owed by the LLP under the Intercompany Loan Agreement will be subordinated to amounts owed by the LLP under the Covered Bond Guarantee.

- *Covered Bond Guarantee*: Under the terms of the Trust Deed, the LLP has provided a guarantee as to payments of interest and principal under the Covered Bonds. The LLP has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment, but which would otherwise be unpaid by the Issuer. The obligations of the LLP under the Covered Bond Guarantee constitute direct and (following the service of a Notice to Pay on the LLP or, if earlier, the service on the Issuer and the LLP of an LLP Acceleration Notice) unconditional obligations of the LLP, secured as provided in the Deed of Charge. The Bond Trustee will be required to serve a Notice to Pay on the LLP following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice. An LLP Acceleration Notice may be served by the Bond Trustee on the Issuer and the LLP following the occurrence of an LLP Event of Default.

  If an LLP Acceleration Notice is served, the Covered Bonds will become immediately due and payable as against the Issuer and the LLP's obligations under the Covered Bond Guarantee will be accelerated. Payments made by the LLP under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

- *The proceeds of Term Advances*: The LLP will use the proceeds of the Term Advances received under the Intercompany Loan Agreement from time to time (if not denominated in Sterling, after swapping the same into Sterling under the relevant Covered Bond Swap Agreement):

  (i) to purchase Loans, and their Related Security, from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or

  (ii) to invest in Substitution Assets in an amount not exceeding the prescribed limit,

  to the extent required to meet the requirements of Regulations 23 and 24(1)(a) of the RCB Regulations and the Asset Coverage Test and thereafter such proceeds 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 any GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the prescribed limit) or, if applicable, the

Collateralised GIC Account. To protect the value of the Portfolio under the terms of the LLP Deed, the LLP and the Members (other than the Liquidation Member) will be obliged to ensure that the Asset Coverage Test (as described below) will be satisfied on each Calculation Date.

- *Consideration*: Under the terms of the Mortgage Sale Agreement, the consideration payable to the Seller for the sale of Loans and their Related Security to the LLP on any Transfer Date will be a combination of (a) a cash payment paid by the LLP to the Seller and/or (b) the Seller being treated as having made a Capital Contribution to the LLP (in an amount up to the difference between the True Balance of the Loans sold by the Seller as at the relevant Transfer Date and the cash payment (if any) paid by the LLP) and (c) Deferred Consideration.

- *Security*: To secure its obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party, the LLP has granted security over the Charged Property (which consists principally of the LLP's interest in the Portfolio, the Substitution Assets, the Transaction Documents to which it is a party, the LLP Accounts and the Authorised Investments) in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors) pursuant to the Deed of Charge.

- *Cash flows*: Prior to service of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or 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, the LLP will:

  (a) apply Available Revenue Receipts to pay interest due on the Term Advances (the proceeds of which the Issuer may apply to pay interest due on the Covered Bonds) and to pay Deferred Consideration to the Seller in respect of the Loans sold by the Seller to the LLP. However, these payments will only be made after payment of certain items ranking higher in the Pre-Acceleration Revenue Priority of Payments (including, but not limited to, certain expenses and amounts due to the Interest Rate Swap Provider and the Covered Bond Swap Providers and required to be credited to any GIC Account or, if applicable, the Collateralised GIC Account with a corresponding credit to the Pre-Maturity Liquidity Ledger). For further details of the Pre-Acceleration Revenue Priority of Payments, see "*Cash flows*" below; and

  (b) apply Available Principal Receipts towards making Capital Distributions to the Members but only after payment of or provision for certain items ranking higher in the Pre-Acceleration Principal Priority of Payments (including, but not limited to, funding any liquidity that may be required in respect of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Test and acquiring New Loans and their Related Security offered by the Seller to the LLP). For further details of the Pre-Acceleration Principal Priority of Payments, see "*Cash flows*" below.

Following service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to service of a Notice to Pay or an LLP Acceleration Notice and/or the realisation of the Security and/or the commencement of winding-up proceedings against the LLP, the LLP will continue to apply Available Revenue Receipts and Available Principal Receipts as described above, except that, whilst any Covered Bonds remain outstanding:

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

- in respect of Available Principal Receipts, no payments will be made other than into the GIC Accounts after exchange (if required) in accordance with the relevant Covered Bond Swap (see "*Cash flows*" below).

Following service on the LLP of a Notice to Pay (but prior to an LLP Event of Default and 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), the LLP will use all moneys (other than Third Party Amounts and Swap Collateral) to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment

subject to paying certain higher ranking obligations of the LLP in the Guarantee Priority of Payments. In such circumstances, the Members of the LLP, including the Seller, will only be entitled to receive any remaining income of the LLP after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for.

Following the occurrence of an LLP Event of Default and 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, the Covered Bonds will become immediately due and repayable (if not already due and payable following the occurrence of an Issuer Event of Default) and the Bond Trustee will then have a claim against the LLP under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued interest and any other amounts due under the Covered Bonds other than additional amounts payable by the Issuer under Condition 7 (*Taxation*) and the security created by the LLP over the Charged Property will become enforceable. Any moneys received or recovered (excluding Swap Collateral) by the Security Trustee following enforcement of the Security created by the LLP in accordance with the Deed of Charge, realisation of such Security and/or the commencement of winding-up proceedings against the LLP will be distributed according to the Post-Enforcement Priority of Payments, as to which see "*Cash flows*" below.

Asset Coverage: The Programme provides that the assets of the LLP are subject to an Asset Coverage Test in respect of the Covered Bonds. Accordingly, for so long as Covered Bonds remain outstanding, the LLP and the Members (other than the Liquidation Member) must ensure that on each Calculation Date, the Adjusted Aggregate Loan Amount will be in an amount equal to or in excess of the aggregate Principal Amount Outstanding of the Covered Bonds from time to time. The Asset Coverage Test will be tested by the Cash Manager on each Calculation Date. A breach of the Asset Coverage Test on a Calculation Date which is not remedied on the immediately succeeding Calculation Date will require the Bond Trustee to serve an Asset Coverage Test Breach Notice on the LLP. The Asset Coverage Test Breach Notice will be revoked if, on any Calculation Date falling on or prior to the third Calculation Date following service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor an LLP Acceleration Notice has been served.

If an Asset Coverage Test Breach Notice has been delivered and has not been revoked:

(a) the application of Available Revenue Receipts and Available Principal Receipts will be restricted;

(b) the LLP will be required to sell Selected Loans; and

(c) the Issuer will not be permitted to make to the LLP and the LLP will not be permitted to borrow from the Issuer any new Term Advances under the Intercompany Loan Agreement.

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

- *Amortisation Test*: In addition, following service of a Notice to Pay on the LLP (but prior to service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security) and, for so long as Covered Bonds remain outstanding, the LLP and the Members (other than the Liquidation Member) must ensure that on each Calculation Date following an Issuer Event of Default, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds from time to time. The Amortisation Test will be tested by the Cash Manager on each Calculation Date following an Issuer Event of Default and service of a Notice to Pay on the LLP. A breach of the Amortisation Test will constitute an LLP Event of Default, which will entitle the Bond Trustee to serve an LLP Acceleration Notice declaring the Covered Bonds immediately due and repayable and entitling the Security Trustee to enforce the Security over the Charged Property.

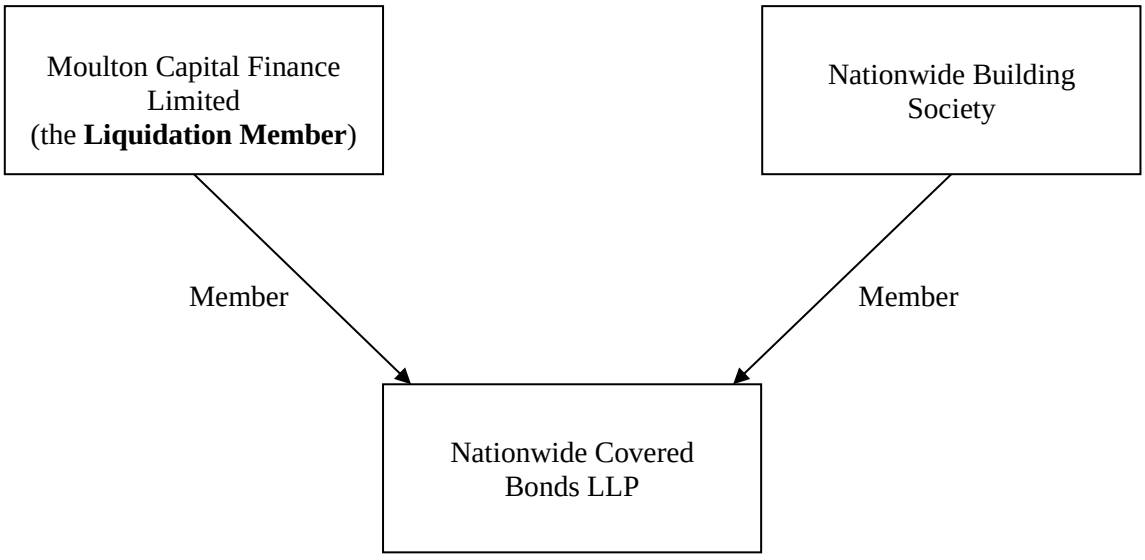
- *Extendable obligations under the Covered Bond Guarantee*: An Extended Due for Payment Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Final Terms (each such Series being Soft Bullet Covered Bonds). This means that if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the Final Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds are not paid in full by the Extension Determination Date (for example because, following the service of a Notice to Pay on the LLP, the LLP has insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds), then payment of the unpaid amount pursuant to the Covered Bond Guarantee shall be automatically deferred (without an LLP Event of Default occurring as a result of such non-payment) and shall be due and payable one year later on the Extended Due for Payment Date (subject to any applicable grace period). However, any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the LLP on any Interest Payment Date thereafter, up to (and including) the relevant Extended Due for Payment Date. Interest will continue to accrue on any unpaid amount during such extended period and be payable on the Original Due for Payment Date and on the Extended Due for Payment Date in accordance with Condition 4 (Interest).

- *Servicing*: In its capacity as Servicer, Nationwide Building Society has entered into the Servicing Agreement with the LLP and the Security Trustee, pursuant to which the Servicer has agreed to provide certain services in respect of the Loans and their Related Security sold by Nationwide Building Society (in its capacity as Seller) to the LLP.

- *Further Information*: For a more detailed description of the transactions summarised above relating to the Covered Bonds see, among other relevant sections of this Base Prospectus, "*Overview of the Programme*", "*Terms and Conditions of the Covered Bonds*", "*Summary of the Principal Documents*", "*Credit Structure*", "*Cash flows*" and "*The Portfolio*", below.

Ownership Structure of Nationwide Covered Bonds LLP

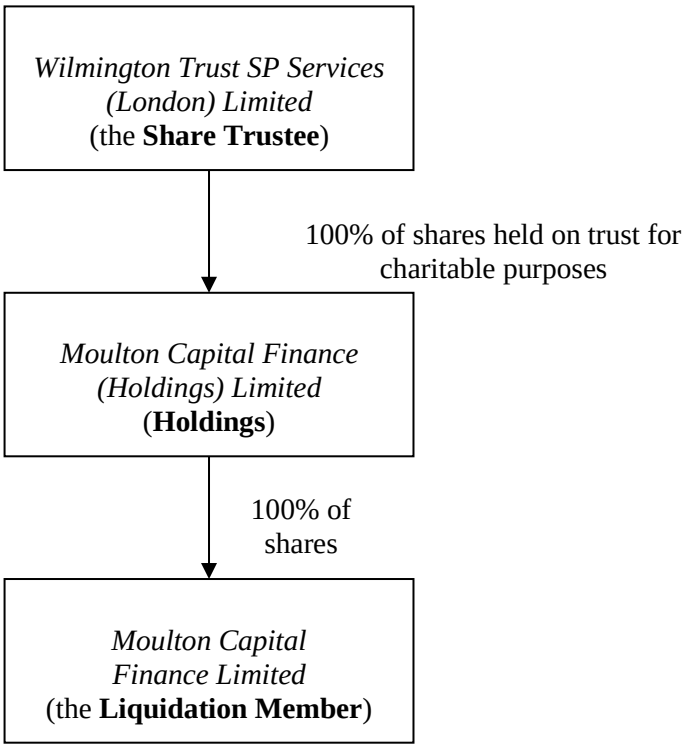
- As at the date of this Base Prospectus, the Members of the LLP are the Seller and the Liquidation Member.
- A New Member may be admitted to the LLP, subject to meeting certain conditions precedent, including, but not limited to, written confirmation from the Relevant Rating Agencies that this would not adversely affect the then current ratings of all outstanding Covered Bonds.
- Other than in respect of those decisions reserved to the Members, the LLP Management Committee (comprising, as at the date of this Base Prospectus, directors and/or employees of the Seller and the representatives of the Liquidation Member) will manage and conduct the business of the LLP and will have all the rights, power and authority to act at all times for and on behalf of the LLP.



Ownership Structure of the Liquidation Member

- As at the date of this Base Prospectus, the entire issued share capital of the Liquidation Member is held by Holdings.

- The entire issued capital of Holdings is held by Wilmington Trust SP Services (London) Limited as share trustee on trust for charitable purposes.



OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this overview. A glossary of certain defined terms is contained at the end of this Base Prospectus.

Issuer:	Nationwide Building Society (the **Society**), incorporated in England and Wales under the Building Societies Act 1986 (as amended) of England and Wales (the **Building Societies Act**) (which expression shall include, where applicable, any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any statutory modification or re-enactment). Legal Entity Identifier (**LEI**): 549300XFX12G42QIKN82 For a more detailed description of the Issuer see the sections "*Description of the Business*", "*Financial Risk Management*", "*Management*", "*Competition*" and "*Supervision and Regulation*" on pages 89 – 103 and 117 - 149 of the Registration Document.
The LLP:	Nationwide Covered Bonds LLP, a limited liability partnership incorporated in England and Wales (registered no. OC313878). The Members of the LLP as at the date of this Base Prospectus are Nationwide Building Society (in its capacity as a Seller) and the Liquidation Member. The LLP is a special purpose vehicle whose business is to acquire, *inter alia*, Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement and to guarantee the Covered Bonds. The LLP will hold the Portfolio and the other Charged Property in accordance with the terms of the Transaction Documents. The LLP has provided a guarantee covering all Guaranteed Amounts when the same shall become Due for Payment, but only following the service on the LLP of a Notice to Pay or an LLP Acceleration Notice. The obligations of the LLP under such guarantee and the other Transaction Documents to which it is a party are secured under the Deed of Charge by the assets from time to time of the LLP and recourse against the LLP is limited to such assets. For a more detailed description of the LLP, see "*The* LLP", below.
Seller:	Nationwide Building Society, which is in the business of originating and acquiring residential mortgage loans and conducting other building society related activities. For a more detailed description of the Seller see the sections "*Description of the Business*", "*Financial Risk Management*", "*Management*", "*Competition*" and "*Supervision and Regulation*" on pages 89 – 103 and 117 - 149 of the Registration Document.
Servicer:	Pursuant to the terms of the Servicing Agreement, Nationwide Building Society has been appointed to service, on behalf of the LLP, the Loans and Related Security sold by the Seller.

Cash Manager:	Nationwide Building Society has also been appointed, *inter alia*, to provide cash management services to the LLP and to monitor compliance by the LLP with the Asset Coverage Test and the Amortisation Test pursuant to the terms of the Cash Management Agreement.
Principal Paying Agent and Agent Bank:	Citibank, N.A., London Branch, acting through its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, has been appointed pursuant to the Agency Agreement as issuing and Principal Paying Agent and Agent Bank.
Australian Paying Agent and Australian Calculation Agent:	Computershare Investor Services Pty Limited (ABN 48 078 279 277) of Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia has been appointed pursuant to the Australian Agency Agreement as Australian Paying Agent and the Australian Calculation Agent in relation to the A$ Registered Covered Bonds.
Exchange Agent and Transfer Agent:	Citibank, N.A., London Branch, acting through its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, has been appointed pursuant to the Agency Agreement as Exchange Agent and Transfer Agent.
Bond Trustee:	Citicorp Trustee Company Limited, whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, has been appointed to act as Bond Trustee on behalf of the holders of the Covered Bonds in respect of the Covered Bonds and holds the benefit of, *inter alia*, the Covered Bond Guarantee on behalf of the holders of the Covered Bonds pursuant to the terms of the Trust Deed.
Registrar:	Citibank, N.A., London Branch, acting through its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, has been appointed pursuant to the Agency Agreement as Registrar.
Australian Registrar:	Computershare Investor Services Pty Limited (ABN 48 078 279 277) of Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia has been appointed pursuant to the Australian Agency Agreement as Australian Registrar in relation to A$ Registered Covered Bonds.
Security Trustee:	Citicorp Trustee Company Limited, whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, has been appointed to act as Security Trustee to hold the benefit of the security granted by the LLP to the Security Trustee (for itself, the holders of the Covered Bonds and other Secured Creditors) under the Deed of Charge.
Asset Monitor:	A reputable institution acceptable to the Rating Agencies appointed pursuant to the Asset Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test and the Amortisation Test and services as an asset pool monitor when required.
Asset Pool Monitor:	The Asset Monitor has also been appointed as the "Asset Pool Monitor" (as defined in the RCB Regulations) for the purposes of the RCB Regulations (see "*Description of the UK Regulated Covered Bond Regime*" below).
Covered Bond Swap Providers:	Each swap provider which agrees to act as Covered Bond Swap Provider to

	the LLP to hedge certain interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans and the Interest Rate Swaps and amounts payable by the LLP under the Intercompany Loan Agreement (prior to the service of a Notice to Pay) and under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay) by entering into the Covered Bond Swaps with the LLP and the Security Trustee under the Covered Bond Swap Agreements. In the event that the ratings of a Covered Bond Swap Provider fall below a specified ratings level, the relevant Covered Bond Swap Provider will be required to post collateral, obtain a guarantee of its obligations from an appropriately rated guarantor or put in place some other arrangement in order to maintain the then current ratings of the Covered Bonds.
Interest Rate Swap Provider:	Nationwide Building Society (in its capacity as the Interest Rate Swap Provider) has agreed to act as a swap provider to the LLP to hedge possible variances between the rates of interest payable on the Loans sold by the Seller to the LLP and a compounded daily SONIA rate for the relevant calculation period (in each case, as payable by the LLP under the Covered Bond Swap Agreements and/or the Intercompany Loan Agreement and the Covered Bond Guarantee, as applicable) by entering into the Interest Rate Swaps with the LLP and the Security Trustee under the Interest Rate Swap Agreement. The Interest Rate Swap Provider will be required to post collateral, obtain a guarantee of its obligations or put in place some other arrangement in the event that its ratings fall below a specified ratings level. For a more detailed description of the Interest Rate Swap Provider see the sections "*Description of the Business*", "*Financial Risk Management*", "*Management*", "*Competition*" and "*Supervision and Regulation*" on pages 89 – 103 and 117 - 149 of the Registration Document.
GIC Provider:	Nationwide Building Society has been appointed as the GIC Provider to the LLP pursuant to the terms of the Guaranteed Investment Contract.
Account Bank:	Nationwide Building Society has been appointed as the Account Bank to the LLP pursuant to the terms of the Bank Account Agreement.
Stand-by GIC Provider:	Citibank, N.A., London Branch, acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, has agreed to act as Stand-by GIC Provider to the LLP pursuant to the terms of the Stand-by Guaranteed Investment Contract.
Stand-by Account Bank:	Citibank, N.A., London Branch acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB has agreed to act as Stand-by Account Bank to the LLP pursuant to the terms of the Stand-by Bank Account Agreement.
Liquidation Member:	Moulton Capital Finance Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered no. 05372384). The Liquidation Member is 100% owned by Holdings.
Holdings:	Moulton Capital Finance (Holdings) Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered

	no. 05372200). All of the shares of Holdings are held on behalf of the Share Trustee on trust for general charitable purposes.
Share Trustee:	Wilmington Trust SP Services (London) Limited, having its registered office at Third Floor, 1 King's Arms Yard, London EC2R 7AF.
Issuer Process Agent	Dabserv Corporate Services Pty Ltd (ABN 73 001 824 111), having its registered office at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney, New South Wales, 2000, Australia, has been appointed as the Issuer Process Agent.
Corporate Services Providers:	Wilmington Trust SP Services (London) Limited, having its registered office at Third Floor, 1 King's Arms Yard, London EC2R 7AF, has been appointed to provide certain corporate services to the Liquidation Member and Holdings, pursuant to the Corporate Services Agreement.
Description:	Global Covered Bond Programme.
Arranger:	Barclays Bank PLC.
Dealers:	Barclays Bank PLC, Barclays Capital Inc., BNP Paribas, Citigroup Global Markets Inc., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, HSBC Securities (USA) Inc., J.P. Morgan Securities plc, Lloyds Bank Corporate Markets plc, NatWest Markets Plc, NatWest Markets Securities Inc., Nomura International plc, RBC Capital Markets, LLC, RBC Europe Limited, Société Générale, TD Securities (USA) LLC, The Toronto-Dominion Bank, UBS AG London Branch and any other Dealers appointed from time to time in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*").
Programme Size:	Up to €45 billion (or its equivalent in other currencies determined as described in the Programme Agreement) outstanding at any time as described herein. 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 "*Subscription and Sale and Transfer and Selling Restrictions*" below.
Specified Currencies:	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee (as set out in the applicable Final Terms).
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 the case of Covered Bonds which are intended to be admitted to trading on a regulated market of an EEA stock exchange or the London Stock Exchange or offered to the public in a Member State of the EEA or in the UK in circumstances which would otherwise require the publication of a prospectus under the UK Prospectus Regulation, the minimum denomination of each such Covered Bond will be at least €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, at least the equivalent amount in such currency) or such other higher amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Redenomination:	The applicable Final Terms may provide that certain Covered Bonds may be redenominated in euro. If so, the redenomination provisions will be set out in the applicable Final Terms.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Covered Bonds may be issued at par or at a premium or discount to par.
Form of Covered Bonds:	The Covered Bonds will be issued in bearer or registered form as described in "*Form of the Covered Bonds*". Registered Covered Bonds and A$ Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and *vice versa*.
Fixed Rate Covered Bonds:	Fixed Rate Covered Bonds will bear interest at a fixed rate, which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Floating Rate Covered Bonds:	Floating Rate Covered Bonds will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (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), as set out in the applicable Final Terms. The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds as set out in the applicable Final Terms.
Other provisions in relation to	Floating Rate Covered Bonds may also have a maximum interest rate, a

Floating Rate Covered Bonds: minimum interest rate or both (as indicated in the applicable Final Terms). Interest on Floating Rate Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s).

N Covered Bonds: The Issuer may issue N Covered Bonds (*Namensschuldverschreibung*) from time to time. For the avoidance of doubt, such N Covered Bonds will not be issued pursuant to this Base Prospectus. The N Covered Bonds will be governed by German law and will rank *pari passu* with all other Covered Bonds issued pursuant to the Programme from time to time.

Zero Coupon Covered Bonds: Zero Coupon Covered Bonds may be offered and sold at a discount to their nominal amount and will not bear interest except in the case of late payment unless otherwise specified in the applicable Final Terms.

Rating Agency Confirmation: The issuance of Covered Bonds shall be subject to confirmation by the Relevant Rating Agencies that the then current ratings for any outstanding Covered Bonds will not be adversely affected by the issuance of such types of Covered Bonds.

Redemption: The applicable Final Terms relating to each Tranche of Covered Bonds will indicate either that the relevant Covered Bonds of such Tranche cannot be redeemed prior to their stated maturity (other than for taxation reasons or if it becomes unlawful for any Term Advance to remain outstanding or following an Issuer Event of Default or an LLP Event of Default or (in the case of A$ Registered Covered Bonds only) following a Relevant Event) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the holders of the Covered Bonds, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Hard Bullet Covered Bonds: The applicable Final Terms may also provide that certain Series of Covered Bonds may be scheduled to be redeemed in full on the Final Maturity Date therefor without any provision for scheduled redemption other than on the Final Maturity Date (the **Hard Bullet Covered Bonds**). In such a case, on each Pre-Maturity Test Date (as defined below) 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 in writing thereof. Following a breach of the Pre-Maturity Test in respect of a Series of Covered Bonds:

(a) any Revenue Receipts and Principal Receipts standing to the credit of the GIC Account on the date of such breach shall be credited to the Pre-Maturity Liquidity Ledger up to an amount not exceeding the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached; and

(b) either: (i) any Member (other than the Liquidation Member) may at its option (whether or not directed to do so by the Management

Committee) either (a) make a Cash Capital Contribution to the LLP in accordance with the LLP Deed or (b) repurchase Loans; or (ii) the Issuer may make an Intercompany Loan to the LLP funded by the issue of Soft Bullet Covered Bonds, in each case, in an amount at least equal to the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds less any amounts then standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to repay any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds.

See "*Credit Structure—Pre-Maturity Liquidity*".

Extendable obligations under the Covered Bond Guarantee:

The applicable Final Terms may also provide 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. In such case, such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds are not paid in full by the LLP by the Extension Determination Date (for example, because the LLP has insufficient moneys to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the relevant Series of Covered Bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Guarantee Priority of Payments). To the extent that the LLP has received a Notice to Pay in sufficient time and has sufficient moneys to pay in part the Final Redemption Amount, such partial payment shall be made by the LLP on any Interest Payment Date up to and including the relevant Extended Due for Payment Date as described in Condition 6.1 (Final redemption). Interest will continue to accrue and be payable on the unpaid amount up to the Extended Due for Payment Date in accordance with Condition 4 (Interest) and the LLP will make payments of Guaranteed Amounts constituting Scheduled Interest on each relevant Due for Payment Date and Extended Due for Payment Date.

Taxation:

All payments in respect of the Covered Bonds will be made without deduction or withholding for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Kingdom, subject as provided in Condition 7 (Taxation). If any such deduction or withholding is made, the Issuer will, save in the limited circumstances provided in Condition 7 (Taxation), pay such additional amounts as will result in the holder of any Covered Bond receiving such amounts as would have been receivable in respect of the Covered Bonds had no such withholding been required. Under the Covered Bond Guarantee, the LLP will not be liable to pay any such additional amounts payable by the Issuer under Condition 7 (Taxation).

Cross-Default:

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 issued from time to time in accordance with the Programme 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.
Covered Bond Guarantee:	Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be irrevocably guaranteed by the LLP. The obligations of the LLP to make payment in respect of the Guaranteed Amounts when Due for Payment are subject to the condition that an Issuer Event of Default occurs, an Issuer Acceleration Notice is served on the Issuer and a Notice to Pay is served on the LLP or, if earlier, an LLP Event of Default occurs, and an LLP Acceleration Notice is served on the LLP. The obligations of the LLP under the Covered Bond Guarantee will accelerate against the LLP upon the service of an LLP Acceleration Notice. The obligations of the LLP under the Covered Bond Guarantee constitute direct obligations of the LLP secured against the assets from time to time of the LLP and recourse against the LLP is limited to such assets.
Ratings:	Covered Bonds to be issued under the Programme have, unless otherwise specified in the applicable Final Terms, been rated "AAA" by S&P, "Aaa" by Moody's and "AAA" by Fitch (in each case, provided that such ratings by S&P, Moody's and/or Fitch shall not apply to the extent (i) such agency does not maintain ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and (ii) there are no Covered Bonds issued prior to such date which are still outstanding). The rating of certain Series of 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 Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation or by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation will be disclosed in the Final Terms. Please also refer to "*Risk Factors—Risks relating to the Covered Bonds—Ratings of the Covered Bonds"* of this Base Prospectus.
Listing and admission to trading:	Application has been made to admit the Covered Bonds (other than N Covered Bonds) issued under the Programme to the Official List and to trading on the regulated market of the London Stock Exchange. For the avoidance of doubt, such N Covered Bonds will not be issued pursuant to this Base Prospectus.
The Regulated Covered Bonds Regulations:	The Issuer has been admitted to the FCA's register of issuers and the Programme and all Covered Bonds previously issued under the Programme have been admitted to the register of Regulated Covered Bonds under the RCB Regulations.
Governing Law:	The Covered Bonds (other than the A$ Registered Covered Bonds), and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law. The Australian Deed Poll and the A$ Registered Covered Bonds issued pursuant to this Base Prospectus are governed by, and will be construed in

	accordance with, the laws applying in the State of New South Wales, Australia.
Selling and Transfer Restrictions:	There are restrictions on the offer, sale and transfer of any Tranche of Covered Bonds in the EEA, the United States, the United Kingdom, Belgium, Australia, Japan, the Republic of Italy and Singapore. Other restrictions may apply in connection with the offering and sale of a particular Tranche of Covered Bonds. See "*Subscription and Sale and Transfer and Selling Restrictions*".
Risk Factors:	There are certain risks related to any issue of Covered Bonds under the Programme, which investors should ensure they fully understand. A non-exhaustive overview of certain of such risks is set out under "*Risk Factors*" from page 31 of this Base Prospectus.

RISK FACTORS

This Base Prospectus (including the documents incorporated by reference) identifies in a general way the information that a prospective investor should consider prior to making an investment in the Covered Bonds. Prospective investors should consider carefully the risk factors set out below. The Issuer and the LLP believe that the following factors may affect their ability to fulfil their respective obligations under the Covered Bonds issued under the Programme and the Covered Bond Guarantee. In addition, factors which are specific to the Covered Bonds are also described below. 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 the 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, the Registration Document, the 2024 Financial Statements, the 2023 Financial Statements and the 2022 Financial Statements, each incorporated by reference herein, 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. 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. The risks set out in the statements below are not exhaustive. 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, 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

For a description of the principal economic and financial risks, regulatory risks, business and operational risks, and other risks associated with the Issuer, please refer to pages 12 to 34 of the Registration Document.

2. RISKS RELATING TO THE COVERED BONDS

(a) Finite resources available to the LLP to make payments due under the Covered Bond Guarantee

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice on the Issuer, all amounts payable under the Covered Bonds will be accelerated by the Bond Trustee as against the Issuer following which a Notice to Pay will be served by the Bond Trustee on the LLP. The LLP's ability to meet its obligations under the Covered Bond Guarantee will depend on (a) the realisable value of Selected Loans and their Related Security in the Portfolio, (b) the amount of Revenue Receipts and Principal Receipts generated by the Portfolio and the timing thereof, (c) amounts received from the Swap Providers, (d) the realisable value of Substitution Assets held by it and (e) the receipt by it of credit balances and interest on credit balances on any GIC Account and, if applicable, any Stand-by 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.

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

Holders of the Covered Bonds should note that the Asset Coverage Test has been structured to ensure that the Adjusted Aggregate Loan Amount is greater than 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 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 (*see* "*Summary of the Principal Documents—LLP Deed* and *—Asset Coverage Test*"). The Asset Coverage Test and the Yield Shortfall Test have in the aggregate been structured to ensure that the Asset Pool is sufficient to pay amounts due on the Covered Bonds and senior ranking expenses which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding. However, no assurance can be given that the Asset Pool will yield sufficient amounts for such purpose.

(b) 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% 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 9.1 (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 the same 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.

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

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

(c) Differences in timings of obligations of the LLP and the Covered Bond Swap Provider 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 to each Covered Bond Swap Provider based on a compounded daily SONIA rate for the relevant calculation period (as applicable). Each Covered Bond Swap Provider will not be obliged to make corresponding swap payments to the LLP under a Covered Bond Swap for up to 12 months until amounts are due and payable by the LLP under the Intercompany Loan Agreement (prior to the service of a Notice to Pay or an 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 an 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 Swaps. Hence, the difference in timing between the obligations of the LLP and the relevant 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 Interest Rate Swap 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.

(d) 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 the 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 a principal 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.

(e) Excess Proceeds received by the Bond Trustee

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may receive Excess Proceeds. The Excess Proceeds will 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 will be held by the LLP in a GIC Account or a Stand-by GIC Account, if applicable, and the Excess Proceeds will thereafter form part of the Security and will be used by the LLP in the same manner as all other moneys from time to time standing to the credit of any GIC Account. Any Excess Proceeds received by the Bond Trustee will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the LLP) which could adversely affect investors in the Covered Bonds. However, the obligations of the LLP under the Covered Bond Guarantee are unconditional and irrevocable 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 holder of the Covered Bonds will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the LLP in the manner as described above.

(f) 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 (the **Investor's Currency**) other than the Specified 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 (a) the Investor's Currency-equivalent yield on the Covered Bonds, (b) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (c) 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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

(g) Interest Rate Risk relating to Fixed Rate Covered Bonds

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.

(h) The yield to maturity of the Covered Bonds may be adversely affected by redemptions by the Issuer

The yield to maturity of each class of Covered Bonds will depend mostly on: (i) the amount and timing of the repayment of principal on the Covered Bonds; and (ii) the price paid by the Covered Bondholders of each class.

(i) 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 that falls one Business Day prior to the Extension Determination Date), payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds are not paid in full, then the payment of such Guaranteed Amounts may be automatically deferred. This will occur (subject to no LLP Event of Default having occurred) if the Final Terms for a relevant Series of Covered Bonds (the **relevant Series of Covered Bonds**) 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 partial payment in accordance with the Guarantee Priority of Payments and as described in Condition 6.1 (Final redemption) 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 Extended Due for Payment Date will fall one year after the Final Maturity Date, 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 money 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.

(j) Covered Bonds subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, the market value of such 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 there is an optional redemption feature (as indicated 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.

(k) A$ Registered Covered Bonds subject to mandatory redemption following a Relevant Event

The A$ Registered Covered Bonds may be required to be redeemed prior to their stated maturity following a Relevant Event (as defined in Condition 6.5 (Redemption of A$ Registered Covered Bonds upon a Relevant Event)). A mandatory redemption following the occurrence of a Relevant Event may limit the market value of A$ Registered Covered Bonds.

If, in accordance with Condition 6.5 (Redemption of A$ Registered Covered Bonds upon a Relevant Event), the Issuer has given notice to all holders of any Series of A$ Registered Covered Bonds that a Relevant Event has occurred and therefore it is required to redeem all Series of A$ Registered Covered Bonds, the market value of such A$ Registered Covered Bonds generally may not rise substantially above the price at which they can be redeemed. This also may be true prior to any such notice of a Relevant Event.

In addition, the Issuer may be required to redeem the A$ Registered Covered Bonds when its cost of borrowing is lower than the interest rate on the A$ Registered Covered Bonds. At those times, an investor in A$ Registered Covered Bonds generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the A$ Registered 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.

(l) Ratings of the Covered Bonds

The ratings assigned to the Covered Bonds address:

- the likelihood of full and timely payment to holders of the Covered Bonds of all payments of interest on each Interest Payment Date; and

- the likelihood of ultimate payment of principal in relation to Covered Bonds on (a) the Final Maturity Date thereof or (b) if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee in accordance with the applicable Final Terms, on the Extended Due for Payment Date thereof.

The expected ratings of the Covered Bonds are 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 such Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced.

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. Any adverse changes to such methodologies may materially and adversely affect the Issuer's operations or financial condition, the Issuer's willingness or ability to leave individual transactions outstanding and the Issuer's capital market standing.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A credit rating 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. No assurance can be given as to any action that may be taken by the Rating Agencies or any rating agency in relation to its rating of the building society sector, including the Issuer. Any downgrade in the rating of the Issuer by a Rating Agency may have a negative impact on the ratings of the Covered Bonds.

In general, European regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) are restricted under the 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 CRA Regulation unless the rating is provided by a credit rating agency operating in the EU or in the UK before 7 June 2010 which has submitted an application for registration in accordance with the EU CRA Regulation and such registration has not been refused. 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 action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

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 non-UK credit rating agencies, non-UK

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 of the Covered Bonds changes for the purposes of the 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 referred to in this Base Prospectus, is set out in "*Overview of the Programme—Ratings*", the Issuer is 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. 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. The Security Trustee would then become entitled to enforce the Security.

(m) 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).

The Issuer and the LLP may agree with any Dealer and the Bond Trustee that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds described herein, in which event a drawdown prospectus or a new Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share in the security granted by the LLP under the Deed of Charge. If an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds, 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). 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.

(n) Further issues

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

- 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 Regulations 23 and 24(1)(a) of the RCB Regulations and the Asset Coverage Test and thereafter such proceeds 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 any 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 issue 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 Relevant 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 such Existing Covered Bonds.

(o) 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*", the beneficial ownership of the Covered Bonds will be recorded in book-entry form only with Euroclear and Clearstream, Luxembourg and/or the Depository Trust Company (**DTC**). The A$ Registered Covered Bonds will only be issued in registered uncertificated form with details of the ownership of the A$ Registered Covered Bonds being entered into the A$ Register. 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, DTC or the Austraclear System (as applicable) 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 re-sell the Covered Bonds because some investors may be unwilling to buy Covered Bonds that are not in physical form.

(p) Further issuances may negatively affect the market value of the original Covered Bonds if they are treated as a separate series for US federal income tax purposes

The Issuer may, without the consent of the holders of outstanding Covered Bonds, issue additional Covered Bonds with identical terms. These additional Covered Bonds, even if they are treated for non-tax purposes as part of the same series as the original Covered Bonds, in some cases may be treated as a separate series for US federal income tax purposes. In

such a case, the additional Covered Bonds may be considered to have been issued with original issue discount (**OID**) even if the original Covered Bonds had no OID, or the additional Covered Bonds may have a greater amount of OID than the original Covered Bonds. These differences may affect the market value of the original Covered Bonds if the additional Covered Bonds are not otherwise distinguishable from the original Covered Bonds.

(q) Certain decisions of holders of the Covered Bonds taken at Programme level

Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice and 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. No assurance can be given as to the result of any such meeting, which result could adversely affect the interests of holders of Covered Bonds.

(r) Where the A$ Registered Covered Bonds are lodged with the Austraclear System, investors will have to rely on the procedures of Austraclear for transfers and payments.

The A$ Registered Covered Bonds are issued in registered form by an entry in the A$ Register maintained by the Australian Registrar. Entry of the name of the holder in the A$ Register in respect of an A$ Registered Covered Bond constitutes the obtaining or passing of title and is conclusive evidence that the person entered is the registered holder of the A$ Registered Covered Bonds.

The Issuer may procure that the A$ Registered Covered Bonds are lodged in the clearance and settlement system operated by Austraclear Ltd ABN 94 002 060 773 (**Austraclear** and such system being the **Austraclear System**). A$ Registered Covered Bonds which are held in the Austraclear System will be registered in the name of Austraclear. No certificate or other evidence of title will be issued to holders of the A$ Registered Covered Bonds unless the Issuer determines that certificates should be available, or it is required to do so pursuant to any applicable law or regulation.

On lodgement, Austraclear will become the sole registered holder and legal owner of the A$ Registered Covered Bonds. Subject to the rules and regulations known as the **Austraclear System Regulations** established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System, participants of the Austraclear System (**Austraclear Participants**) may acquire rights against Austraclear in relation to those A$ Registered Covered Bonds as beneficial owners and Austraclear is required to deal with the A$ Registered Covered Bonds in accordance with the directions and instructions of the Austraclear Participants. Investors in A$ Registered Covered Bonds who are not Austraclear Participants would need to hold their interest in the relevant A$ Registered Covered Bonds through a nominee who is an Austraclear Participant.

Where the A$ Registered Covered Bonds are lodged with the Austraclear System, any transfer of A$ Registered Covered Bonds will be subject to the Austraclear System Regulations. Secondary market sales of A$ Registered Covered Bonds cleared through the Austraclear System will be settled in accordance with the Austraclear System Regulations.

Austraclear Participants who acquire an interest in A$ Registered Covered Bonds lodged with the Austraclear System must look solely to Austraclear for their rights in relation to such A$ Registered Covered Bonds and will have no claim directly against the Issuer in respect of such A$ Registered Covered Bonds although under the Austraclear System Regulations, Austraclear may direct the Issuer to make payments direct to the relevant Austraclear Participants.

Where Austraclear is registered as the sole holder (**Registered Holder**) of A$ Registered Covered Bonds that are lodged in the Austraclear System, the Registered Holder may, in its absolute discretion, instruct the A$ Registrar to transfer or "uplift" the A$ Registered Covered Bonds to the person in whose "Security Record" (as defined in the Austraclear Regulations) those A$ Registered Covered Bonds are recorded without any consent or action of such transferee and, as a consequence, remove those A$ Registered Covered Bonds from the Austraclear System.

3. RISKS RELATING TO THE COVER POOL

(a) Limited description of the Portfolio

Holders of the Covered Bonds will not receive detailed statistics or information in relation to the Loans in the Portfolio because it is expected that the constitution of the Portfolio will frequently change due to, for instance:

- the Seller selling Loans and their Related Security (or New Loan Types and their Related Security) to the LLP;
- New Sellers acceding to the Transaction and selling Loans and their Related Security (or New Loan Types and their Related Security) to the LLP; and
- the Seller repurchasing Loans and their Related Security in accordance with the Mortgage Sale Agreement.

There is no assurance that the characteristics of the New Loans assigned to the LLP on a Transfer Date will be the same as those of the Loans in the Portfolio as at that Transfer Date. However, each Loan will be required to meet the Eligibility Criteria and the Representations and Warranties set out in the Mortgage Sale Agreement – see "*Summary of the Principal Documents—Mortgage Sale Agreement—Sale by the Seller of Loans and Related Security*" (although the Eligibility Criteria and Representations and Warranties may change in certain circumstances – see "*Risks relating to Structure 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 Secured Creditors' prior consent*"). In addition, the Asset Coverage Test is intended to ensure that the Adjusted Aggregate Loan 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 and the Cash Manager will provide monthly reports that will set out certain information in relation to the Asset Coverage Test.

(b) Sale of Selected Loans and 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* and *—Sale of Selected Loans and their Related Security following service of an Asset Coverage Test Breach Notice*").

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 may be able to be obtained, which may affect 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.

(c) Sale of Selected Loans and Related Security prior to maturity of Hard Bullet Covered Bonds where the Pre-Maturity Test is breached or following the occurrence of an Issuer Event of Default

If the Pre-Maturity Test is breached, the LLP may be obliged, if certain other conditions are not met, to sell Selected Loans and their Related Security (selected on a random basis) to seek to generate sufficient cash to enable the LLP to pay the final redemption amount on any Hard Bullet Covered Bond, should the Issuer or LLP fail to pay. 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* and *—Sale of Selected Loans and their Related Security if the Pre-Maturity Test is breached*").

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 may be able to be obtained, which may affect payments under the Covered Bond Guarantee.

(d) 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 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 Loans sold by them to the LLP.

If any 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 Loan, then the Seller will be required to remedy the breach within 28 London Business Days of the Seller becoming aware of the same 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 London 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 Calculation Date (or such other date that may be agreed between the LLP and the Seller) the relevant Loan and its Related Security and any other Loans (including Flexible Advances) 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 Loan or Loans and its or their Related Security. However, if the Seller does not repurchase those Loans and their Related Security which are in breach of the Representations and Warranties then the True Balance of those 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.

(e) Maintenance of Portfolio

Asset Coverage Test: Pursuant to the terms of the Mortgage Sale Agreement, the Seller has agreed to use all reasonable efforts to transfer Loans and their Related Security to the LLP in order to ensure that the Portfolio is in compliance with the Asset Coverage Test. The consideration payable to the Seller for the Sale of the Loans and Related Security to the LLP will be a combination of (a) a cash payment paid by the LLP and/or (b) the Seller being treated as having made a Capital Contribution to the LLP (in an amount up to the difference between the True Balance of the Loans sold by the Seller to the LLP as at the relevant Transfer Date and the cash payment (if any) paid by the LLP for such Loans) and (c) Deferred Consideration.

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.

Alternatively, Nationwide Building Society (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 on the next Calculation Date, an Asset Coverage Test Breach Notice will be served on the LLP, which will result in the consequences set out in "*Summary of the Principal Documents—LLP Deed* and *—Asset Coverage Test*". There is no specific recourse by the LLP to the Seller in respect of the failure to sell Loans and their Related Security to the LLP nor is there any specific recourse to Nationwide Building Society if it does not make Cash Capital Contributions to the LLP.

Amortisation Test: Pursuant to the LLP Deed, the LLP and Nationwide Building Society (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 Loan Amount is in an amount at least equal to the aggregate

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

Prior to the occurrence of an Issuer Event of Default, the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, test the calculations performed by the Cash Manager in respect of the Asset Coverage Test once each year on the latest Calculation Date that falls at least 30 days prior to each anniversary of the Programme 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. See further "*Summary of the Principal Documents—Asset Monitor Agreement*".

Neither the Bond Trustee nor Security Trustee shall be responsible for monitoring compliance with, nor the monitoring of, the Asset Coverage Test, the Pre-Maturity Test or the Amortisation Test or any other test or supervising the performance by any other party of its obligations under any Transaction Document.

(f) Realisation of Charged Property following the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or winding-up proceedings are commenced 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 "*Cash flows*" below.

There is no guarantee 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.

(g) 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 the service on the LLP of a Notice to Pay, the realisable value of Selected Loans 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:

- representations or warranties not being given by the LLP or (unless otherwise agreed with the Seller) the Seller;
- default by the Borrowers of amounts due on their Loans;
- the Loans of New Sellers being included in the Portfolio;

- changes to the lending criteria of the Seller;
- the LLP not having legal title to the Loans in the Portfolio;
- risks in relation to some types of Loans which may adversely affect the value of Portfolio or any part thereof;
- limited recourse to the Seller;
- possible regulatory changes by the FCA, the PRA and other regulatory authorities;
- regulations in the United Kingdom that could lead to some of the Loans being unenforceable, cancellable or subject to set off or some of their terms being unenforceable; and
- other issues which impact on the enforceability of Flexible Loans and Flexible Advances as more fully set out under "*—Risks in relation to some types of Loans may adversely affect the value of the Portfolio or any part thereof*".

Each of these factors is considered in more detail below. However, 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 any GIC Account or the Collateralised GIC Account, as applicable, 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.

(h) No representations or warranties to be given by the LLP or the Seller if Selected Loans and Related Security are to be sold

Following a breach of the Pre-Maturity Test and/or the occurrence of an Issuer Event of Default, service on the Issuer of an Issuer Acceleration Notice and service on the LLP of a Notice to Pay (but 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 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 (see "*Summary of the Principal Documents—LLP Deed* and *—Method of Sale of Selected Loans*"). In respect of any sale of Selected Loans and their Related Security to third parties, however, the LLP will not be permitted to give warranties or indemnities in respect of those Selected Loans 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 Loans and their Related Security. Any Representations or Warranties previously given by the Seller in respect of the Loans 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 Loans and their Related Security could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee.

(i) Default by Borrowers in paying amounts due on their Loans

Borrowers may default on their obligations due under the Loans. Defaults may occur for a variety of reasons. The 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, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Loss of earnings, illness, 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 Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the

amounts outstanding under that 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.

Over the last few years and as a result of, among other things, fluctuations in the Bank of England base rate, there has been a cycle of rising and falling mortgage interest rates, resulting in borrowers with a mortgage loan subject to a variable rate of interest or with a mortgage loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward (or, in the case of a mortgage loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). Future increases in borrowers' required monthly payments, which (in the case of a mortgage loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, and may ultimately result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. The recent declines in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates and losses.

The True Balance of any Defaulted Loans in the Portfolio will be given a reduced weighting for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.

(j) The Loans of New Sellers may be included in the Portfolio

New Sellers which form part of Nationwide may in the future accede to the Programme and sell Loans and their related security to the LLP. However, this would only be permitted if the conditions precedent relating to New Sellers acceding to the Transaction (more fully described under "*Summary of the Principal Documents—Mortgage Sale Agreement—New Sellers*", below) are met. Provided that those conditions are met, the consent of holders of the Covered Bonds to the accession of any New Seller to the Programme will not be obtained.

Any loans originated by a New Seller will have been originated in accordance with the lending criteria of the New Seller, which may differ from the Lending Criteria of Loans originated by the Seller. If the lending criteria differ in a way that affects the creditworthiness of the loans in the Portfolio, that may lead to increased defaults by Borrowers and 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. As noted above, however, Defaulted Loans in the Portfolio will be given a reduced weighting for the purposes of the calculation of the Asset Coverage Test.

(k) Changes to the Lending Criteria of the Seller

Each of the Loans originated by the Seller will have been originated in accordance with its Lending Criteria at the time of origination. It is expected that the Seller's Lending Criteria will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicants and credit history. In the event of the sale or transfer of any Loans and Related Security to the LLP, the Seller will warrant only that such Loans and Related Security were originated in accordance with the Seller's Lending Criteria applicable at the time of origination. The Seller retains the right to revise its Lending Criteria from time to time. If the Lending Criteria change in a manner that affects the creditworthiness of the Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of the Portfolio, or part thereof, and the ability of the LLP to make payments under the Covered Bond Guarantee. As noted above, however, Defaulted Loans in the Portfolio will be given a reduced weighting for the purposes of the calculation of the Asset Coverage Test and the Amortisation Test.

(l) The LLP does not have legal title to the Loans in the Portfolio on the relevant Transfer Date

The sale by the Seller to the LLP of English Loans and Northern Irish Loans and their Related Security has taken or will take effect by way of an equitable assignment. The sale by the Seller to the LLP of Scottish Loans and their Related Security has been or will be given effect by way of Scottish Declarations of Trust under which the beneficial interest in

the Scottish Loans and their Related Security has been or will be transferred to the LLP. As a result, legal title to English Loans, Northern Irish Loans and Scottish Loans and each of their Related Security will remain with the Seller. The LLP, however, will have the right to demand that the Seller give it legal title to the Loans and the Related Security in the limited circumstances described in "*Summary of the Principal Documents—Mortgage Sale Agreement—Transfer of Title to the Loans to the LLP*" and until such right arises the LLP will not give notice of the sale of the English Loans and their Related Security to any Borrower or apply to the Land Registry or the Central Land Charges Registry to register or record its equitable interest in the Loans and their Related Security or take any steps to perfect its title to the Scottish Loans and their Related Security or the Northern Irish Loans and their Related Security.

Since the LLP has not obtained legal title to the Loans or their Related Security and has not protected its interest in the Loans and their Related Security by registration of a notice at the Land Registry, the following risks exist:

- first, if the Seller wrongly sells a Loan and its Related Security, which has already been sold to the LLP, to another person and that person acted in good faith and did not have notice of the interests of the LLP in the Loan and its Related Security, then such person might obtain good title to the Loan and its Related Security, free from the interests of the LLP. If this occurred, then the LLP would not have good title to the affected Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Loan. However, the risk of third party claims obtaining priority to the interests of the LLP would be likely to be limited to circumstances arising from a breach by the Seller of its contractual obligations or fraud, negligence or mistake on the part of the Seller or the LLP or their respective personnel or agents;

- secondly, the rights of the LLP may be subject to the rights of the Borrowers against the Seller, such as rights of set-off, which occur in relation to transactions or deposits made between Borrowers and the Seller, and the rights of Borrowers to redeem their mortgages by repaying the Loans directly to the Seller; and

- thirdly, unless the LLP has perfected the assignment or assignation (as appropriate) of the Loans (which it is only entitled to do in certain limited circumstances), the LLP would not be able to enforce any Borrower's obligations under a Loan or Mortgage itself but would have to join the Seller as a party to any legal proceedings.

If any of the risks described in the first two bullet points above were to occur, then the realisable value of the Portfolio or any part thereof and/or the ability of the LLP to make payments under the Covered Bond Guarantee may be affected.

Once notice has been given to the Borrowers of the assignment or assignation (as appropriate) of the 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 Loan) will not be affected by that notice and will continue to exist. In relation to potential transaction set-off in respect of the Loans, see below.

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

(m) **Risks in relation to some types of Loans may adversely affect the value of the Portfolio or any part thereof**

As described in the immediately preceding risk factor, the sale by the Seller to the LLP of English Loans and Northern Irish Loans has been or will be given effect by an equitable assignment, with each sale of Scottish Loans being given effect by a Scottish Declaration of Trust. As a result, legal title to the English Loans, Northern Irish Loans and the Scottish 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 existing prior to notification to the Borrowers of the assignment or assignation (as appropriate) of the Loans. Some of the Loans in the

Portfolio may have increased risks of set-off because the Seller is required to make payments under them to the Borrowers. For instance:

- under a Flexible Loan, the Borrowers will be permitted (subject to certain conditions which may, in some circumstances, require notification and/or consent of the Seller) to make, among other things, further drawings on the Loan Account and/or to overpay or underpay interest and principal in a given month and/or to take a Payment Holiday (referred to as Re-draws) which will be funded solely by the Seller; and

- under a Flexible Advance, the Borrower will have the benefit of a loan secured on the same property that secures the Borrower's existing Loan. A Flexible Advance made prior to 31 October 2004 which forms part of a Loan that was entered into before 1 September 2002 is secured by a separate mortgage. Other Flexible Advances are secured on the same mortgage as the Loan to which they relate. Flexible Advances permit the Borrower to draw additional amounts in aggregate up to the fixed credit limit under the terms of the Mortgage Conditions at the inception of such Flexible Advance. Such draws under a Flexible Advance are collectively referred to as Further Draws. Such Further Draws will be funded by the Seller.

(n) New products offered by the Seller in the future may have similar characteristics involving payments due by the Seller to the Borrower.

If the Seller, in circumstances where the Seller is obliged to advance a Re-draw or Further Draw, fails to advance the Re-draw or Further Draw in accordance with the relevant Loan, then the relevant Borrower may set off any damages claim arising from the Seller's breach of contract against the Seller's (and, as equitable assignee of or holder of the beneficial interest in the Loans and the Mortgages, the LLP's) claim for payment of principal and/or interest under the Flexible Loan or Flexible Advance as and when it becomes due. In addition, a Borrower under a Flexible Loan or Flexible Advance may attempt to set off any such damages claim against the Seller's claim for payment of principal and/or interest under any other Loan that the Borrower has with the Seller.

(o) Such set-off claims will constitute transaction set-off as described in the immediately preceding risk factor.

The amount of the claim in respect of a Re-draw or Further Draw will, in many cases, be the cost to the Borrower of finding an alternative source of funds. The Borrower may obtain a mortgage loan elsewhere in which case the damages would be equal to any difference in the borrowing costs together with any consequential losses, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees). If the Borrower is unable to obtain an alternative mortgage loan, he or she may have a claim in respect of other losses arising from the Seller's breach of contract where there are special circumstances communicated by the Borrower to the Seller at the time the Borrower entered into the Mortgage, or which otherwise were reasonably foreseeable.

A Borrower may also attempt to set off against his or her mortgage payments an amount greater than the amount of his or her damages claim. In that case, the Servicer will be entitled to take enforcement proceedings against the Borrower although the period of non-payment by the Borrower is likely to continue until a judgment is obtained.

Further, there may be circumstances in which:

- a Borrower may seek to argue that amounts comprised in the current balance of his or her Loan as a consequence of previous Re-draws are unenforceable by virtue of non-compliance with the Consumer Credit Act 1974 (**CCA**);

- a Borrower may seek to argue that Flexible Advances and their Related Security may be unenforceable or unenforceable without a court order because of non-compliance with the CCA, although such an argument is unlikely to succeed in the context of a Flexible Advance that can be demonstrated to be a regulated mortgage contract under the FSMA 2000 and an exempt agreement for the purpose of the CCA;

- certain Re-draws or Further Draws may rank behind security created by a Borrower after the date upon which the Borrower entered into its Mortgage with the Seller; or

- a Borrower may seek to argue that a Loan, being a regulated mortgage contract, has been provided to it by the Seller in a manner in breach of a relevant FCA rule, thus enabling the Borrower to make a claim for damages under the FSMA 2000 in respect of such breach (see the section "*Supervision and Regulation*" on pages 147 – 149 of the Registration Document).

The exercise of set-off rights by Borrowers, or any such claims as to unenforceability in particular with respect to Re-draws and Further Draws or postponement of ranking, 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 seeks to take account of the set-off risk (although there is no assurance that such risks will be accounted for or will be accounted for adequately if New Loan Types are introduced).

(p) Loans are subject to certain legal and regulatory risks.

Certain regulatory risks exist in relation to the Loans, including in relation to the legal and regulatory considerations relating to the Loans and their Related Security, changes in law, regulation, the possibility of complaints by Borrowers in relation to the terms of the 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—Certain Regulatory Considerations*" 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 a loss suffered as a result of any contravention by an authorised person of an FCA or 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 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—Certain Regulatory Considerations—Regulated Mortgage Contracts*" below.

Regulation of buy-to-let Mortgages. The exercise of supervisory and enforcement powers by the FCA may adversely affect the Issuer's ability to make payment on the Covered Bonds when due, particularly if the FCA orders remedial action in respect of past conduct. In addition, for those buy-to-let Mortgages regulated by the CCA, non-compliance with certain provisions of the CCA may render a regulated credit agreement totally unenforceable or unenforceable without a court order or an order of the appropriate regulator or may render the borrower not liable to pay interest or charges in relation to the period of non-compliance. As at the date of this Base Prospectus there are no buy-to-let loans in the Cover Pool. This may adversely affect the Issuer's ability to make payment 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—Certain Regulatory Considerations—Regulation of buy-to-let mortgage loans*" below.

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 Servicer 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 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–Certain Regulatory Considerations—Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below.

Unfair Relationships. If a court were to determine that there was an unfair relationship between the Lender and the Borrowers in respect of the Loans, except in relation to Regulated Mortgage Contracts, and ordered that financial redress was made in respect of such 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—Certain Regulatory Considerations—Unfair relationships*" below.

Distance Marketing. The Financial Services (Distance Marketing) Regulations 2004 (the **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 Loans are treated as being cancellable under these regulations, there could be an adverse effect on the LLP's receipts in respect of the 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—Certain Regulatory Considerations—FCA response to the cost of living crisis*" below.

UTCCR and CRA. The UTCCR and CRA provide that a consumer may, in certain circumstances, challenge a term in an agreement on the basis that it is unfair. 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 Loans which 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. If any term of the 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 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 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 Servicer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the 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—Certain Regulatory Considerations—Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015*" below.

Consumer Protection from Unfair Trading Regulations 2008: The CPUTR prohibits certain practices which are deemed unfair within the terms of the CPUTR. Breach of the CPUTR may lead to liability for misrepresentation or breach of contract in relation to the underlying credit agreements, which may result in irrecoverable losses on amounts to which such agreements apply, and which may adversely affect the LLP's ability to make payments on the Covered Bond Guarantee. Further detail in relation to the CPUTR is included in the section headed "*Further Information relating to the Regulation of Mortgages in the UK—Certain Regulatory Considerations—Consumer Protection from Unfair Trading Regulations*" below.

Mortgage repossessions: The protocols for mortgage possession claims and the Mortgage Repossessions (Protection of Tenants etc) Act 2010 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 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—Certain Regulatory Considerations—Mortgage repossession*".

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) 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". However, 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. 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.

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 coronavirus, 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 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. 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 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 – Certain regulatory considerations - FCA response to the cost of living crisis" below.

FCA Consumer Duty: the FCA published final rules on the introduction of a new consumer duty on regulated firms which applied from 31 July 2023 (with rules for "closed" products taking effect from 31 July 2024). The regime aims to set a higher level of consumer protection in retail financial markets. It is unclear, despite the guidance from the FCA, 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 Loans, it could adversely affect the amounts received or recoverable in relation to the Loans. This 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—Certain Regulatory Considerations—FCA Consumer Duty*".

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 do not apply to buy-to-let mortgages. 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. 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, including further amending and extending the scope of the Mortgage Charter or related rules. Such developments may impact the performance of the Loans, which in turn may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee.

Financial Ombudsman Service: Under the FSMA, the Financial Ombudsman Service (the Ombudsman) is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction. The Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a borrower. Given the way the Ombudsman makes its decisions, it is not possible to predict how any future decision of the Ombudsman would 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 – Certain Regulatory Considerations—Financial Ombudsman Service*" below.

Right to Buy Loans: 0.78 per cent of the Loans by current balance in the Cover Pool as at 31 May 2024 are Right to Buy Loans. Properties sold under the Right to Buy scheme of the Housing Act 1985 or Housing (Scotland) Act 1987 (as

amended), as applicable, are sold by the landlord at a discount to market value calculated in accordance with the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable). In England and Wales, the purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord.

4. RISKS RELATING TO REGULATION OF THE COVERED BONDS

(a) UK regulated covered bond regime

The Issuer has been admitted to the register of issuers and the Programme, and all Covered Bonds previously issued under the Programme have been admitted to the register of regulated covered bonds under the RCB Regulations.

The RCB Regulations and the RCB Sourcebook impose certain ongoing obligations and liabilities on both the Issuer and the LLP. In this regard, the LLP is required to (among other things), following the insolvency of the Issuer, make arrangements for the maintenance and administration of the asset pool such that certain asset capability and quality related requirements are met.

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 (however, pursuant to the RCB Regulations, a regulated covered bond may not be removed from the register of regulated covered bonds 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 directing the Issuer to publish information given to the FCA under the RCB Regulations. Moreover, the bodies that regulate the 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 actions may reduce the amounts available to pay Covered Bondholders. However, pursuant to Condition 9.1(ii), non-compliance by the Issuer with the RCB Regulations will not constitute an Issuer Event of Default. Nonetheless, any such non-compliance may impact the Issuer's registration with the FCA which may negatively impact the Covered Bonds.

With respect to the risks referred to above, see also "*Cash flows*" and "*Description of the UK Regulated Covered Bond Regime*" below for further details.

(b) The market continues to develop in relation to risk free rates (including overnight rates) as reference rates.

Where the applicable Final Terms for a Series of Floating Rate Covered Bonds identifies that the Rate of Interest for such Covered Bonds will be determined by reference to SOFR, SONIA or €STR, the Rate of Interest will be determined on the basis of Compounded Daily SOFR, Average SOFR, Compounded Daily SONIA, Average SONIA or Compounded Daily €STR, as applicable, or, in the case of SOFR and SONIA, by reference to a specified index (all as defined in and/or further described in the Conditions). All such rates are based on 'overnight rates'. Overnight rates differ from interbank offered rates, such as IBORs or EURIBOR, in a number of material respects, including (without limitation) that such rates are backwards-looking, risk-free overnight rates, whereas interbank offered rates are expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that overnight rates may behave materially differently as interest reference rates for Covered Bonds issued under the Programme described in this Base Prospectus compared to interbank offered rates. The use of overnight rates as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such overnight rates.

Accordingly, prospective investors in any Covered Bonds referencing any overnight rates should be aware that the market continues to develop in relation to such overnight rates as reference rates in the capital markets and their adoption as

alternatives to interbank offered rates such as IBORs and EURIBOR. Market participants, industry groups and/or central bank led working groups continue to explore compounded rates and weighted average rates, and observation methodologies for such rates (including so-called 'shift', 'lag', and 'lock-out' methodologies), and such groups may also explore forward-looking 'term' reference rates derived from these overnight rates. The adoption of overnight rates may also see component inputs into swap rates or other composite rates transferring from IBORs, EURIBOR or another reference rate to an overnight rate.

The market or a significant part thereof may adopt an application of overnight rate in a way that differs significantly from those set out in the Conditions and used in relation to Floating Rate Covered Bonds issued under this Base Prospectus. In addition, the methodology for determining any overnight rate index by reference to which the Rate of Interest in respect of certain Covered Bonds may be calculated could change during the life of any Covered Bonds. Furthermore, the Issuer may in the future issue Covered Bonds referencing SOFR, SONIA or €STR that differ materially in terms of interest determination when compared with any previous SOFR-, SONIA- or €STR-referenced Covered Bonds issued by it. The nascent development of overnight rates as interest reference rates for the Eurobond markets, as well as continued development of such overnight rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any such Covered Bonds issued from time to time.

Furthermore, the Rate of Interest on Covered Bonds which reference overnight rates are only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Covered Bonds which reference overnight rates 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, if the Floating Rate Covered Bonds become due and payable under Condition 9 (Events of Default and Enforcement), the Rate of Interest payable shall be determined on the date the Covered Bonds became due and payable and shall not be reset thereafter.

In addition, the manner of adoption or application of overnight rates reference rates in the bond markets may differ materially when compared with the application and adoption of the same overnight rates for the same currencies in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of overnight 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 overnight rates.

Investors should carefully consider these matters when making their investment decision with respect to any such Floating Rate Covered Bonds.

(c) **Changes or uncertainty in respect of interest rate benchmarks may affect the value or payment of interest under the Covered Bonds.**

Benchmarks Regulation and Reform

Interest rates and indices which are deemed to be "benchmarks" (including the euro interbank offered rate (**EURIBOR**) and the Bank Bill Swap Rate (**BBSW**)), continue to be the subject of recent and ongoing 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 linked to such a benchmark.

In Australia, examples of reforms that are already effective include the replacement of the Australian Financial Markets Association as BBSW administrator with ASX Benchmark Pty Limited, changes to the methodology for calculation of the BBSW Rate, and amendments to the Corporations Act made by the Treasury Laws Amendment (2017 Measures No. 5) Act 2018 (Cth) of Australia which, among other things, enables ASIC to make rules relating to the generation and administration of financial benchmarks. On 6 June 2018, ASIC designated BBSW as a "significant financial benchmark" and made the ASIC Financial Benchmark (Administration) Rules 2018 and the ASIC Financial Benchmarks (Compelled) Rules 2018. On 27 June 2019, ASIC granted ASX Benchmarks Pty Limited a licence to administer the BBSW Rate from 1 July 2019.

Further, the Reserve Bank of Australia (the **RBA**) has amended its criteria for repo eligibility to include a requirement that floating rate bonds issued on or after 1 December 2022 that reference the BBSW Rate contain at least one "robust" and "reasonable and fair" fallback rate for the BBSW Rate in the event that it permanently ceases to exist, if such securities are to be accepted by the RBA as being eligible collateral for the purposes of any repurchase agreements to be entered into with the RBA. In November 2022, the Australian Financial Markets Association published proposed drafting for the BBSW Rate fallback provisions (the **AFMA Proposal**). The fallback provisions relating to the BBSW Rate included in the Trust Deed (which are applicable to the Terms and Conditions of the Covered Bonds pursuant to Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution)) are based on the AFMA Proposal (the **BBSW Rate Fallback Provisions**).

The BBSW Rate Fallback Provisions for the Covered Bonds distinguish between temporary and permanent triggers affecting the BBSW Rate.

If a temporary disruption trigger occurs in respect of the BBSW Rate, the interest rate for any day on which that temporary disruption trigger is continuing will be the interest rate determined in accordance with a temporary disruption fallback provision on the terms and conditions set out in the Trust Deed, which provides that, in the first instance, preference will be given to the Administrator Recommended Rate (which is a rate formally recommended for use as the temporary replacement for the BBSW Rate by the administrator of that rate). The second preference will be given to the Supervisor Recommended Rate (which is a rate formally recommended for use as the temporary replacement for the BBSW Rate by the supervisor of that rate). Finally, preference will be given to a final fallback rate on the terms and conditions set out in the Trust Deed.

In the event that a permanent discontinuation trigger occurs in respect of the BBSW Rate, the rate for any Interest Determination Date which occurs on or following the applicable permanent fallback effective date will be the Fallback Rate which is determined in accordance with a permanent discontinuation fallback provision on the terms and conditions set out in the Trust Deed, which may be the Australian dollar interbank overnight cash rate (**AONIA**) determined in accordance with the terms and conditions set out in the Trust Deed.

Investors should be aware that whilst the BBSW Rate is based on a forward-looking basis and on observed bid and offer rates for Australian prime bank eligible securities (which rates may incorporate a premium for credit risk), AONIA is an overnight, risk-free cash rate and will be applied to calculate interest by compounding observed rates in arrears and the application of a spread adjustment. There can be no assurance that AONIA as described above will produce the economic equivalent of the BBSW Rate.

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and has mostly applied, subject to certain transitional provisions, since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU-supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, not deemed equivalent or recognised or endorsed). 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 the 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 EURIBOR appears on the register of administrators and benchmarks established and maintained by each of ESMA and the FCA. The administrator of BBSW appears on the register of administrators and benchmarks established and maintained by ESMA but does not appear on the register of administrators and benchmarks established and maintained by the FCA. The administrators of SONIA, SOFR or €STR are not currently required to obtain authorisation/registration and SONIA, SOFR or €STR do not fall within the scope of the EU Benchmarks Regulation or the UK Benchmarks Regulation by virtue of Article 2 of that regulation.

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. It is also not possible to predict whether such reforms will lead to any such "benchmarks" (including the BBSW Rate) not being supported going forward. 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.

IBOR replacement

There is continued regulatory scrutiny of use of inter-bank offered rates (**IBORs**) and increasing pressure and momentum for banks and other financial institutions to transition relevant products to replacement rates.

For example, in the case of floating rate Eurobonds, bonds which would traditionally have referenced EURIBOR may move towards referencing the new €STR (although a reformed EURIBOR rate will continue to be published).

€STR and other replacement risk-free rates, such as SONIA and SOFR, operate on a backward-looking basis (predominantly on the basis of a daily compounding calculation, although weighted average alternatives have been seen in certain rates), rather than forward-looking term rates. While forward-looking term rates based on certain of these risk-free rates have been or are being developed, it is uncertain whether the capital markets will move to referencing those term rates for public bond issues, or if the regulators will allow such adoption.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Specifically, 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, amongst 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. The recommended fallback triggers include both cessation and pre-cessation triggers, including, *inter alia*, permanent cessation, non-representativeness and (potentially) unlawfulness triggers (the Working group recommended against a material change in the EURIBOR methodology as defined by the European Money Markets Institute (EMMI) being an automatic trigger). For debt securities, based on support for the proposals from the public consultation and issuances already observed in the capital markets, the Working group recommended the replacement rate to be €STR with a backward-looking lookback period methodology (with an observation shift methodology, although use of the lag approach was considered a robust alternative) and applying an adjustment spread based on a five-year historical median methodology.

The potential transition from IBORs to risk-free or other rates or benchmarks, the cessation of a benchmark or changes in the manner of administration of any benchmark could require an adjustment to the Terms and Conditions of the Covered Bonds, or result in other consequences, in respect of any Covered Bonds referencing such benchmark. Such factors may have (without limitation) also 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.

Benchmarks and the Terms and Conditions of the Covered Bonds

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, BBSW, SONIA, SOFR and €STR) 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, SOFR or €STR, therefore there is a risk that the market or a significant part thereof may adopt an

application of SONIA, SOFR or €STR that differs significantly from that set out in relation to the Covered Bonds that reference SONIA, SOFR or €STR;

(b) if EURIBOR, BBSW, SONIA, SOFR or €STR 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 the Trust Deed (which are applicable to the Terms and Conditions of the Covered Bonds pursuant to Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution)) , although (in the case of EURIBOR) or, in respect of A$ Registered Covered Bonds, in the Australian interbank market (in the case of BBSW) such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the Euro-zone interbank market, 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 that applied in the previous period when EURIBOR was available;

(c) whilst an amendment may be made under the fall back provisions provided for under the Trust Deed (which are applicable to the Terms and Conditions of the Covered Bonds pursuant to Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution)) to change the EURIBOR, BBSW Rate, SONIA, SOFR or €STR rate (as applicable) on the relevant Floating Rate Covered Bonds to an alternative base rate under certain circumstances broadly related to EURIBOR, BBSW Rate, SONIA, SOFR or €STR (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 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, BBSW, SONIA, SOFR, €STR 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, BBSW, SONIA, SOFR, €STR 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, BBSW, SONIA, SOFR, €STR 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, BBSW, SONIA, SOFR, €STR 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.

(d) 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.

Because 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 indicative 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 like 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

(a) 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 Servicer has been appointed to service Loans 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, and the GIC Accounts and Transaction Account will be held with the Account Bank. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Portfolio or any part thereof or pending such realisation (if the Portfolio or any part thereof cannot be sold) the ability of the LLP to make payments under the Covered Bond Guarantee may be affected. For instance, if the Servicer has failed to adequately administer the Loans, 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.

If a Servicer Event of Default occurs pursuant to the terms of the Servicing Agreement, then the LLP and/or the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. There can be

no assurance that a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Loans on the terms of the Servicing Agreement. In addition, as described below, any substitute servicer will be required to be authorised under the FSMA 2000. The ability of a substitute servicer 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 substitute servicer may affect the realisable value of the Portfolio or any part thereof, and/or the ability of the LLP to make payments under the Covered Bond Guarantee. However, if the Servicer ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by S&P of at least BBB- or by Fitch of at least BBB- or a counterparty risk assessment by Moody's of at least Baa3(cr) (in each case, provided that such ratings by S&P, Moody's and/or Fitch shall not apply to the extent (i) such agency does not maintain ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and (ii) there are no Covered Bonds issued prior to such date which are still outstanding) it will use reasonable efforts to enter into a master servicing agreement with a third party.

The Servicer 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 Servicer under the Servicing Agreement.

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

(b) ***Reliance*** **on Swap Providers**

To provide a hedge against possible variances in the rates of interest payable on the Loans in the Portfolio (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest that track a base rate) and a compounded daily SONIA rate for the relevant calculation period, the LLP has entered into the Interest Rate Swap Agreement with the Interest Rate Swap Provider. In addition, to provide a hedge against interest rate and currency risks in respect of amounts received by the LLP under the Loans and the Interest Rate Swaps and amounts payable by the LLP on the outstanding Term Advances or (following service on the LLP of a Notice to Pay) under the Covered Bond Guarantee in respect of the Covered Bonds, the LLP has entered into a Covered Bond Swap Agreement with each Covered Bond Swap Provider.

The Interest Rate Swap (Tracker) may not fully hedge the possible variance in the rates of interest payable on tracker rate loans and a compounded daily SONIA rate for the relevant calculation period (as applicable) on the basis that such Interest Rate Swap (Tracker) only provides a hedge in respect of the excess (if any) of the aggregate outstanding balance of the tracker rate loans over 10% (or such lower percentage as the parties to the swap may agree) of the aggregate outstanding balance of all Loans in the Portfolio. Instead, the Rating Agencies have considered the associated risks of the LLP not being fully hedged in respect of the tracker rate loans in their ratings assessment and cash flow models in conjunction with the collateral requirements and any risk has been mitigated through an increase in over-collateralisation requirement. In so far as any portion of the tracker rate loan balance is unhedged, there is no guarantee that a variance between the rates of interest payable on the tracker rate loans and a compounded daily SONIA rate for the relevant calculation period (as applicable) will not adversely affect the ability of the LLP to meet its obligations under the outstanding Term Advances or the Covered Bond Guarantee (as applicable).

If the LLP fails to make timely payments of amounts due under any Swap Agreement (except where such failure is caused by the assets available to the LLP on a Due for Payment date being insufficient to make the required payment in full), 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 Swap Provider is not obliged to make payments or if it 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: (i) the variances in the rates of interest payable on the Loans in the Portfolio and compounded daily SONIA for the relevant calculation period (as applicable); and/or (ii) the relevant currency exchange rates to Sterling (where relevant) and to any changes in the relevant rates of interest. 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 that has sufficiently high ratings as may be required by any of the Rating Agencies and that agrees to enter into a replacement swap agreement.

If the LLP is obliged to pay a termination payment under any Swap Agreement, such termination payment will rank ahead of amounts due on the Covered Bonds (in respect of the Interest Rate Swaps) and *pari passu* with amounts due on the Covered Bonds (in respect of the Covered Bond Swaps), 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.

(c) **The Account Bank may continue to hold deposits when it ceases to satisfy certain criteria**

If the Account Bank ceases to satisfy the Account Bank Required Ratings (i) the GIC Account would need to be transferred to another entity that does satisfy the relevant criteria or (ii) the Account Bank may continue to hold Deposit Non-Reserved Amounts and Swap Collateral cash amounts in the Collateralised GIC Account, provided that Nationwide Building Society posts collateral against such deposits. Any amounts that do not constitute Deposit Non-Reserved Amounts or Swap Collateral cash amounts must be deposited in a GIC Account with an entity that satisfies the Account Bank Required Ratings. In addition, if Nationwide Building Society as Account Bank ceases to satisfy such criteria, the LLP must establish a Stand-by GIC Account with another entity that does satisfy such criteria. Although any collateral posted against amounts on deposit in the Collateralised GIC Account is required to be in an amount greater than the amount on deposit, there is no guarantee that the value of such collateral when realised will be sufficient to cover losses on the Collateralised GIC Account. If at any time the Account Bank "Issuer Default Ratings" and the "Deposit Ratings" (when a "Deposit Rating" is assigned) from Fitch are below "BBB-" (provided that such rating by Fitch shall only apply to the extent it maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding), then the Account Bank must transfer amounts standing to the credit of the GIC Account to another entity that satisfies the Account Bank Required Ratings and during such time, no moneys shall be credited to the Collateralised GIC Account.

(d) **Change of *counterparties***

The parties to the Transaction Documents who receive and hold moneys pursuant to the terms of such documents (such as the 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 2000 and requirements in relation to the short-term or long-term, unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. 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 that does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Transaction Documents.

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

6. RISKS RELATING TO STRUCTURE AND DOCUMENTATION CHANGES

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

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, including but not limited to:

- to enable the Issuer and/or LLP to comply with any applicable requirements under EU EMIR and/or UK EMIR;
- in connection with the accession of any Additional Account Bank, any replacement Account Bank, any Additional Stand-by Account Bank or any Additional Stand-by GIC Provider or the opening of any additional GIC Accounts, Covered Bond Swap Collateral Accounts, Interest Rate Swap Collateral Accounts, GIC Collateral Custody Accounts, Stand-by GIC Accounts, Stand-by Transaction Accounts, Stand-by Covered Bond Swap Collateral Accounts and Stand-by Interest Rate Swap Collateral Accounts;
- (i) any modifications to a Swap Agreement requested by the relevant Swap Provider to reflect updated or new rating criteria of a Relevant Rating Agency and (ii) any modifications to the Transaction Documents requested by the Issuer, the LLP or the Cash Manager which are consequential to such modifications;
- (i) any modifications to a Swap Agreement requested by the LLP or the relevant Swap Provider to reflect the fact that certain provisions, rules, regulations, directions, processes, guidelines and procedures relating to any applicable laws or regulations affecting the regulatory treatment of the LLP or the relevant Swap Provider have been clarified, updated, delivered, amended, modified or become operative or applicable and (ii) any modifications to the Transaction Documents requested by the Issuer, LLP or the Cash Manager which are consequential to such modifications;
- modifications to any provision(s) of a Swap Agreement as will result in the rating of the Covered Bonds by a Relevant Rating Agency, following the occurrence of a rating event, being maintained at, or restored to, the level at which it was immediately prior to the occurrence of a rating event;
- any modifications to any Transaction Document requested by the Issuer, the LLP or the Cash Manager to reflect updated or new counterparty criteria of a Relevant Rating Agency;
- any modifications to any Transaction Document requested by the Issuer to change the base rate that then applies in respect of Floating Rate Covered Bonds issued after 27 July 2018, related Swap Agreements and/or related Term Advances;
- any modifications to any Transaction Document requested by the Issuer or the Designated Transaction Representative pursuant to a benchmark transition event in respect of any SOFR Covered Bonds;
- any modifications to any Transaction Document in respect of a Series of Floating Rate A$ Registered Covered Bonds (as set out in the Trust Deed) if at any time a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate (or another Applicable Benchmark Rate (as defined in the Trust Deed)) and the Issuer determines that such amendments to the Conditions are necessary to give effect to the proper operation and application of the applicable Fallback Rate in the manner contemplated by the Trust Deed; and
- any modifications to the Transaction Documents requested by the Issuer or the LLP to remove references to a Rating Agency and their criteria to the extent such Rating Agency no longer maintains ratings of any outstanding Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding.

Subject as provided in Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution) and to being indemnified and/or secured and/or prefunded 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% 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 that, 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.

Moreover, if the Designated Transaction Representative determines that a Benchmark Transition Event has occurred with respect to SOFR (each as defined in the Trust Deed), 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 in making any modification to the Conditions or any of the Transaction Documents that the Designated Transaction Representative decides may be appropriate to give effect to the relevant modification provisions set forth in the Trust Deed in relation only to all determinations of the Rate of Interest payable on any SOFR Covered Bonds and any related Swap Agreements. The Covered Bondholders and the other Secured Creditors shall be deemed to have instructed the Bond Trustee to (which shall instruct the Security Trustee to) concur with such amendments and shall be bound by them regardless of whether or not they are materially prejudicial to the interests of the Covered Bondholders or the other Secured Creditors.

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.

(b) Security Trustee's and Bond Trustee's powers

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

In having regard to the interests of the Covered Bondholders, the Security Trustee shall be entitled to rely solely on a written confirmation from the Bond Trustee as to whether, in the opinion of the Bond Trustee, any matter, action or omission is or is not in the interests of or is not prejudicial or materially prejudicial to the interests of, the Covered Bondholders. The Bond Trustee shall have sole responsibility for resolving conflicts of interest as between the Covered Bondholders or any Series or class of them, subject to and in accordance with the provisions of the Trust Deed and the Conditions.

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% of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding, which could adversely affect the interests of holders of Covered Bonds.

7. MACROECONOMIC AND MARKET RISKS

(a) The Covered Bonds are subject to selling and transfer restrictions that may affect the existence and liquidity of any secondary market in the Covered Bond

There is not, at present, an active and liquid secondary market for the Covered Bonds, and no assurance is provided that a secondary market for the Covered Bonds will develop. 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 a secondary market develops, 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.

(b) A lack of liquidity in the secondary market may adversely affect the market value of the Covered Bonds

As at the date of this Base Prospectus, the secondary market for mortgage-backed securities is experiencing disruptions resulting from reduced investor demand for such securities. This has had a materially adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities experiencing very limited liquidity. Structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties have been forced to sell mortgage-backed securities into the secondary market. The price of credit protection on mortgage-backed securities through credit derivatives has risen materially.

Limited liquidity in the secondary market may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions continue to persist, an investor in Covered Bonds may not be able to sell or acquire credit protection on its Covered Bonds readily and market values of Covered Bonds are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to Covered Bondholders.

It is not known for how long the market conditions will continue or whether they will worsen.

(c) Scotland Act 2016

On 23 March 2016, the Scotland Act 2016 received Royal Assent and passed into UK law. Among other things, the Scotland Act 2016 passes control of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Whilst the majority of the provisions are not expected to have an adverse impact on the Scottish economy or on mortgage origination in Scotland, increased powers for the Scottish Parliament to control income tax could mean that Borrowers in Scotland are subject to a different rate of income tax from borrowers in the same income bracket in England, Wales and Northern Ireland, which may affect some Borrowers' ability to pay amounts when due on the Loans originated in Scotland, and which, in turn, may adversely affect payments by the Issuer on the Covered Bonds.

8. LEGAL AND REGULATORY RISKS

(a) 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 Australian law in relation to A$ Registered Covered Bonds and, in relation to the Scottish Loans and Northern Irish Loans, Scots law and Northern Irish law respectively) 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, Australian law, Welsh Law, Scots law or Northern Irish law or administrative practice in the United Kingdom or Australia 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 FCA, the PRA, the Ombudsman, the CMA or any other regulatory authority will not arise with regard to the mortgage market in the UK generally, 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 Loans, the Seller, the LLP, the Issuer and/or the Servicer 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.

(b) Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision that (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, several 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 that will be included in the Transaction Documents relating to the subordination of certain payments.

The UK Supreme Court has held in *Belmont Park Investments Pty Limited v BNY Corporate Trustee Services Ltd and Lehman Brothers Special Financing Inc* [2011] UKSC 38 that a flip clause as described above is valid under English law. Contrary to this, however, a U.S. Bankruptcy Court has held in two separate cases 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 that 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 that in certain circumstances flip clauses are protected under the U.S. Bankruptcy Code and therefore enforceable in 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 conflicting judgment remain unresolved.

If a creditor of the Issuer 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 Issuer, 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. 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 any replacement swap counterparty, depending on certain matters in respect of that entity.

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 Issuer to satisfy its obligations under the Covered Bonds.

(c) Expenses of insolvency officeholders

Under the RCB Regulations, following the realisation of any asset pool security and/or a winding up of the LLP, certain costs and expenses are payable out of the fixed and floating charge assets of the LLP in priority to the claims of Secured Creditors (including the Covered Bondholders). Such costs and expenses are also payable out of the floating charge assets of the LLP (but it would appear not out of the fixed charge assets) in priority to the claims of Secured Creditors in an administration of the LLP. It appears that these costs and expenses would include costs incurred by an insolvency officeholder (including an administrative receiver, liquidator or administrator) in relation to certain senior service providers and hedge counterparties and also general expenses incurred in the corresponding insolvency proceedings in respect of the LLP (which could include any corporation tax charges). This is a departure from the general position under English law which provides in general that the expenses of any administration or winding-up rank ahead of unsecured debts and the claims of any floating charge-holder, but below the claims of any fixed charge-holder.

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, each Secured Creditor agrees 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 Post-Enforcement Priority of Payments (referred to under "*Cash flows*" below) 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 that priority of payments. Notwithstanding such provision, 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 HM Revenue & Customs) in relation to such subordination provisions.

See also the investment consideration described below under "*—Liquidation expenses payable on floating charge realisation will reduce amounts available to satisfy claims of secured creditors of the LLP*".

(d) English law security and insolvency considerations

The LLP will enter into the Deed of Charge pursuant to which it will grant the Security in respect of its obligations under the Covered Bond Guarantee (as to which, see "*Summary of the Principal 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 came into effect on 26 June 2020. The changes include, among 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. While the Issuer and the LLP are expected to be exempt from the application 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. While 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 or the laws affecting the 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.

(e) 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 Loans and their Related Security, the Substitution Assets 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, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. In particular, the expenses of any administration, 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 United Kingdom tax authorities), from 1 December 2020 certain amounts owed to the United Kingdom tax authorities became secondary preferential debts and rank ahead of the recoveries to floating charge-holders. These measures were intended to apply to taxes effectively collected by a debtor on behalf of the tax authorities and will 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 charges contained in the Deed of Charge.

(f) Liquidation expenses payable on floating charge realisation will reduce amounts available to satisfy claims of secured creditors of the LLP

Under the Insolvency Act, in general 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 charge-holder. 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 (SI2017/1119).

Whilst it is not clear, it appears that the provisions referred to above apply in respect of limited liability partnerships. On this basis and as a result of the changes described above, at all times when the RCB Regulations do not apply to the LLP, upon the enforcement of the floating charge security granted by the LLP, floating charge realisations that 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. There can be no assurance that the Covered Bondholders will not be adversely affected by such a reduction in floating charge realisations.

(g) 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.

(h) Risks relating to the Banking Act 2009

The Banking Act 2009 (the **Banking Act**) includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution.

Under the Banking Act, substantial powers have been granted to HM Treasury, the PRA, the FCA and the Bank of England (together, the **Authorities**) as part of a special resolution regime (the **SRR**). These powers enable the Authorities to, among other things, resolve a bank or building society by means of several resolution tools (the **Stabilisation Options**) in circumstances in which the authorities consider its failure has become highly likely and a threat is posed to the public

interest. In respect of UK building societies, please refer to section "*We are subject to wide-ranging regulatory action in the event that we are considered likely to fail and our failure poses a threat to the public interest*" of the Registration Document for the relevant Stabilisation Options and further information on the SRR.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of a relevant entity (including the Issuer), such action may (among other things) affect the ability of the relevant entity to satisfy its obligations under the Transaction Documents (including limiting its capacity to meet its repayment obligations) and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the Transaction Documents (possibly preceded by demutualisation in the case of a building society such as the Issuer), 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 and/or the Transaction Documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool (including any unsecured portion of the liability in respect of the Covered Bonds at the relevant time), the reduction of the relevant liability (including to zero) and/or the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the Transaction Documents in respect of the Issuer, including trigger events in respect of perfection of legal title to the Loans and the Issuer Events of Default). As a result, the making of an instrument or order in respect of the Issuer, the Seller, the Servicer, the Account Bank, the Covered Bond Swap Provider, the Cash Manager, the Principal Paying Agent, the Agent Bank, the Exchange Agent, the Registrar, the GIC Provider, the Stand-by Account Bank or the Stand-by GIC Provider 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 explained in the risk factor "*We are subject to wide-ranging regulatory action in the event that we are considered likely to fail and our failure poses a threat to the public interest"* on pages 26 – 27 of the Registration Document, secondary legislation that makes provision for the Stabilisation Options under the SRR to be used in respect of any "banking group company" came into force on 1 August 2014.

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

Other powers contained in the Banking Act may affect the value of an investment in the Covered Bonds. The exercise of these powers may impact how the Issuer is managed as well as, in certain circumstances, the rights of creditors. There can be no assurance that actions taken under the Banking Act will not adversely affect Covered Bondholders.

As explained in the risk factor "*We are subject to wide-ranging regulatory action in the event that we are considered likely to fail and our failure poses a threat to the public interest"* on pages 26 – 27 of the Registration Document, the SRR may be triggered prior to the Issuer's insolvency. This section also explains when the Stabilisation Options may be exercised.

It is therefore possible that one or more of the Stabilisation Options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

Although the Banking Act provides for conditions to the exercise of any resolution powers, it is uncertain how the authorities would assess such conditions in any particular situation. The relevant authorities are also not required to

provide any advance notice to Covered Bondholders of their decision to exercise any resolution power. Therefore, Covered Bondholders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer or the Covered Bonds.

A partial transfer of the Issuer's business may result in a deterioration of its creditworthiness. If the Issuer were made subject to the SRR and a partial transfer of the Issuer's business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with it (which may include the Covered Bonds) may result in a deterioration in its creditworthiness and, as a result, increase the risk that it may be unable to meet its obligations in respect of the Covered Bonds and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Covered Bondholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act. However, such compensation will be limited to the return the Covered Bondholder might otherwise have received on the Issuer's insolvency (less the value already received through resolution), and there can be no assurance that Covered Bonds will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Base Prospectus, the Authorities have not made an instrument or order under the Banking Act in respect of the Issuer or in respect of any of the Issuer's securities and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Covered Bondholders will not be adversely affected by any such order or instrument if made.

The taking of any resolution actions or Stabilisation Options in respect of the Issuer or any of its securities under the Banking Act could materially adversely affect the rights of holders of Covered Bonds, and such exercise (or the perception that such exercise may occur) could materially adversely affect the price or value of their investment in Covered Bonds, the liquidity and/or volatility of any market in the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds.

In addition, if the market perceives or anticipates that any action may be taken under the Banking Act in respect of the Issuer or any of its securities (including any Covered Bond issued under this document), this may have a significant adverse effect on the market price of the Covered Bonds and/or the liquidity and/or volatility of any market in the Covered Bonds, whether or not such powers are ultimately exercised. In such case, investors may experience difficulty in selling their Covered Bonds, or may only be able to sell their Covered Bonds at a loss.

(i) The relevant UK resolution authority may exercise the bail-in tool in respect of the Issuer and the Covered Bonds, which may result in holders of the Covered Bond losing some or all of their investment

Although the bail-in powers are not intended to apply to secured debt (such as the rights of Covered Bondholders in respect of the Covered Bond Guarantee), the determination that securities issued by the Issuer will be subject to write-down, conversion or bail-in, is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. This determination will also be made by the relevant UK resolution authority and there may be many factors, including factors not directly related to the Issuer, which could result in such a determination. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of a bail-in power may occur which would result in a principal write off or conversion to other securities, including equity. Moreover, as the criteria that the relevant UK resolution authority will be obliged to consider in exercising any bail-in power provide it with considerable discretion, holders of the securities issued by the Issuer may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on the Issuer and the securities issued by the Issuer. Potential investors in the securities issued by the Issuer should consider the risk that a holder may lose all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

(j) Implementation of Basel III risk-weighted asset framework may result in changes to the risk-weighting of the Covered Bonds

Please refer to the risk factor "*Capital and liquidity requirements*" on page 24 of the Registration Document for further information and context on capital and prudential requirements, including Basel III and Basel 3.1.

The proposed PRA timetable for Basel 3.1 implementation in the UK is 1 July 2025. As part of CP16/22 on the Implementation of the Basel 3.1 standards, the PRA proposed to make two changes to the CRR treatment of covered bonds impacting: (i) the risk weight treatment for unrated covered bonds; and (ii) the application of due diligence requirements. Final PRA rules on the treatment of covered bonds under Basel 3.1 are not yet published and are therefore uncertain.

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.

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.

(k) General Impact of UK EMIR and EU EMIR on the Interest Rate Swaps and Covered Bond Swaps

The derivatives markets are subjective to extensive regulation in a number of jurisdictions, including in the UK 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 it forms part of 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 (**EU EMIR**), each as amended from time to time. UK EMIR and EU EMIR establish certain requirements for OTC derivatives contracts, including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the **Clearing Obligation**), (ii) margin posting, 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 recordkeeping requirements (the **Reporting Obligation**). Prospective investors should also note that uncertainty remains as to the full impact on the Swap Agreements of ongoing reforms to UK EMIR and EU EMIR.

Under UK EMIR and 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 or EU EMIR, as applicable), in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold (**NFC+s**). Whereas FC (excluding small FC) 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 that are not NFC+ entities (**NFC-s**). In addition, in respect of the Reporting Obligation, UK FCs are solely responsible and legally liable for reporting the details of OTC derivative contracts concluded with NFC-s on behalf of both counterparties as well as for ensuring the correctness of the reported details (known as mandatory reporting). Note that the calculation of the UK EMIR clearing threshold (together with other aspects of UK EMIR) may be impacted in due course by reforms although the scope of the UK EMIR reforms is yet to be confirmed. In an EU context, the calculation of the clearing threshold (together with other aspects of EU EMIR) will be impacted by reforms to EU EMIR as a result of EU EMIR 3.0. However, the implementation of changes to the calculation of the clearing threshold is subject to the development of secondary legislation which is not currently expected to be finalised and become applicable until at least 2025.

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 EU EMIR. On the basis that the LLP is an NFC- for the purposes of UK EMIR and a third country equivalent to an NFC- (a **TCE NFC-**) for the purposes of 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 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.

(l) Impact of change of the LLP's counterparty's status under UK EMIR and EU EMIR

In respect of the impact of UK EMIR and EU EMIR, if the LLP's counterparty status changes to an NFC+ or FC for the purposes of UK EMIR and/or a third country equivalent to an NFC+ or FC (a **TCE NFC+** or a **TCE FC**, respectively) for the purposes of 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 EU EMIR to date. Certain other of the Risk Mitigation Requirements may also apply in a different way (for example, the portfolio reconciliation requirement may increase in frequency). In respect of the Reporting Obligation, mandatory reporting would also cease to apply which means that the LLP would be legally liable and responsible for its own reporting obligations under UK EMIR (although this requirement can be delegated). It should 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 a partial exemption in respect of the Margin Obligation under UK EMIR may be available in respect of the Interest Rate Swaps and Covered Bond Swaps, provided that certain conditions are satisfied.

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, 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. Should the status of the LLP change from a TCE NFC- to a TCE NFC+ or TCE FC under EU EMIR and the relevant swap counterparty is an EU entity, from an EU EMIR perspective, there are no covered bond exemptions available to the LLP.

Further, if the LLP's counterparty status as an NFC- for the purposes of UK EMIR and/or TCE NFC- for the purposes of EU EMIR changes and the LLP is unable to rely on the relevant conditional exemptions, this may adversely affect the ability of the LLP to continue to be party to Swap Agreements (possibly resulting in restructuring or termination of the Swap Agreements) or to enter into Swap Agreements, thereby negatively affecting the ability of the LLP to hedge certain risks. This may also reduce the amounts available to make payments with respect to the Covered Bonds.

In respect of the Reporting Obligation under UK EMIR, with effect from 30 September 2024, changes are being made to the existing UK EMIR reporting regime and the LLP must comply with the changes from this date in the event that the relevant swap counterparty is not classified as a UK FC (as the LLP remains legally liable and responsible for the Reporting Obligation even if it has delegated the Reporting Obligation to a third party). Amongst other things, all new reports (including any modifications or terminations of derivatives entered into before 30 September 2024) must comply with the amended requirements. In addition to new reports, the reported data for all outstanding derivative contracts should be updated in order to bring them in line with the revised reporting standards by 31 March 2025.

Reporting Obligations and other obligations under UK EMIR and EU EMIR may, *inter alia*, lead to more administrative burdens and higher and/or additional costs and expenses for the LLP, which may in turn reduce the amounts available to make payments with respect to the Covered Bonds. Further, if any party fails to comply with the applicable rules under UK EMIR and/or EU EMIR, as applicable, it may be liable for a fine. If such a fine is imposed on the LLP, this may also reduce the amounts available to make payments with respect to the Covered Bonds.

Finally, the Bond Trustee and Security Trustee shall be obliged, without any consent or sanction of the holders of the Covered Bonds or any other Secured Creditor (other than any Secured Creditor party to the relevant Transaction

Document to be amended), to concur with the Issuer and/or the LLP in making EMIR Amendments to the Conditions of the Covered Bonds and/or the Transaction Documents and such modifications may adversely affect your interests (see risk factor "*—Risks relating to Structure 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 Secured Creditors' prior consent*").

(m) Harmonisation of the EU Covered Bond framework

It should be noted that a 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 of 8 July 2022 (both texts have relevance for the EEA and have been implemented into the Agreement on the European Economic Area as of 12 July 2022). The new covered bond directive replaces Article 52(4) of the UCITS Directive, establishes a revised common base-line for the issue of covered bonds for EU regulatory purposes (subject to various options that members states may choose to exercise when implementing the new directive through national laws). The new regulation will be directly applicable in the EU, and amends Article 129 of the Capital Requirements Regulation (Regulation (EU) No 575/2013) (**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. As EU CRR permits the exercise of certain national discretion, the implementation may be subject to some level of national variation. In the UK, the FCA confirmed that it intends to implement the EU covered bond reforms in the UK although no consultation on the proposed amendments has yet been published. 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 not available in respect of the Covered Bonds since 31 December 2020, as from that point the UK has left the EU and it is no longer part of the EEA. 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 for 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 new regulation). The Covered Bonds may be eligible as Level 2A assets under Delegated Regulation (EU) 2018/1620 (as amended), provided 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.

Investors in the Covered Bonds are responsible for analysing their own regulatory position and none of the Issuer, the LLP, any Arranger or any Dealer makes any representation to any prospective investor or purchaser of the Covered Bonds regarding the treatment of their investment on the issue date of such Covered Bonds or at any time in the future.

(n) EU financial transaction tax proposals may give rise to tax liabilities

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transactions tax (the **FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

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

The FTT may give rise to tax liabilities for the LLP and/or the Issuer with respect to certain financial transactions (including concluding swap transactions and/or purchases or sales of securities (such as any securities comprised in charged assets)) if it is adopted based on the Commission's Proposal. Any such tax liabilities may reduce amounts

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

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Covered Bonds are advised to seek their own professional advice in relation to the FTT.

(o) Devolution of taxing powers to the Scottish Parliament

The Scotland Act 2016 passed control of certain aspects of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and no-savings income of Scottish residents. The majority of the provisions should not have an adverse impact on the Scottish economy or on mortgage origination in Scotland, but it is possible that increased rates of income tax in Scotland could mean that some Borrowers' ability to pay amounts when due on the Loans originated in Scotland could be affected, and which, in turn may adversely affect payments by the Issuer on the Covered Bonds. As a result of the most recent Scottish Budget, some Scottish taxpayers will be paying more income tax than taxpayers elsewhere in the UK (and some will be paying less) but the differences are not particularly significant.

(p) Insolvency Act 1986

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

The Insolvency Act also contains an out-of-court route into administration for a qualifying floating charge-holder, the relevant company itself or its directors. These apply to limited liability partnerships (such as the LLP). The relevant provisions provide for a notice period during which the holder of the floating charge can either agree to the appointment of the administrator proposed by the LLP or appoint an alternative administrator, although a moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating charge-holder does not respond to the LLP notice of intention to appoint, the LLP appointee will automatically take office after the notice period has elapsed.

The administration provisions of the Insolvency Act give primary emphasis to the rescue of a company as a going concern and achieving a better result for the creditors as a whole. The purpose of realising property to make a distribution to

secured creditors is secondary. As noted above, these new administration provisions apply to limited liability partnerships (such as the LLP). No assurance can be given that the primary purpose of the new provisions would not conflict with the interests of the Covered Bondholders were the LLP ever subject to administration.

(q) Pensions Act 2004

Under the Pensions Act 2004 a person that is "connected with" or an "associate" of an employer under an occupational pension scheme can be subject to either a contribution notice or a financial support direction. Nationwide Building Society 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 with" Nationwide Building Society.

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 that 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 that 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% of the pension scheme's deficit calculated on an annuity buy-out basis and there is a connected or associated person whose resources at least cover that difference. A financial support direction can only be served where the Pensions Regulator considers it is reasonable to do so, having regard to a number of factors.

If a contribution notice or financial support direction were to be served on the LLP, this could adversely affect investors in the Covered Bonds.

(r) Financial Regulatory Reforms in the United States

The US Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in 2010 (the **Dodd-Frank Act**), significantly impacts the financial services industry. This legislation, among other things (a) requires US federal regulators to adopt significant regulations establishing a comprehensive registration and regulatory framework applicable to dealers and major participants for a broad range of derivatives contracts, and adopt requirements regarding clearing, exchange trading, margin posting and collecting, reporting and recordkeeping for derivatives transactions, (b) requires US federal regulators to adopt regulations requiring securitisers or originators to retain at least 5% of the credit risk of securitised exposures unless the underlying exposures meet certain underwriting standards to be determined by regulations, (c) increased oversight of credit rating agencies and (d) requires the SEC to promulgate rules generally prohibiting firms from underwriting or sponsoring a securitisation that would result in a material conflict of interest with respect to investors in that securitisation.

In the US, since the passage of the Dodd-Frank Act, the Department of the Treasury, the SEC, the Financial Stability Oversight Council, the Commodity Futures Trading Commission (the **CFTC**), the Federal Reserve Board, the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau and the Federal Deposit Insurance Corporation have been engaged in extensive rule-making mandated by the Dodd-Frank Act. Whilst many of the regulations required under the Dodd-Frank Act have been adopted, certain of these regulations are not yet effective and certain other significant rule-making has not yet been finalised. As a result, the complete scope of the Dodd-Frank Act remains uncertain. Statements made by the new administration add to the uncertainty about the complete scope of the Dodd-Frank Act. These regulations have or may have indirect implications on the Issuer's business and operations. In particular, in addition to the regulations referred to above affecting the financial services industry generally, Title VII of the Dodd-Frank Act (**Title VII**) imposes a new regulatory framework on swap transactions, including interest rate and currency swaps of the type entered into by the LLP in connection with the issuance of the Covered Bonds. As such, the LLP may face certain regulatory requirements under the Dodd-Frank Act, subject to any applicable exemptions or relief. The CFTC has primary regulatory jurisdiction over such swap transactions, although some regulations have been jointly issued with the SEC and other regulations relating to swaps may be issued by other US regulatory agencies. Many of the

regulations implementing Title VII have become effective or are in final form; however, the interpretation and potential impact of these regulations is not yet entirely clear, and certain other key regulations are yet to be finalised. Once fully implemented, these new regulations could adversely affect the value, availability and performance of certain derivatives instruments and may result in additional costs and restrictions with respect to the use of those instruments.

As Title VII's requirements go into effect, it is clear that swap counterparties, dealers and other major market participants, as well as commercial users of swaps and other derivatives regulated pursuant to Title VII, will experience new and/or additional regulatory requirements, compliance burdens and associated costs.

Such requirements may disrupt the LLP's ability to hedge its exposure to various transactions, including any obligations it may owe to investors under the Covered Bonds, and may materially and adversely impact a transaction's value or the value of the Covered Bonds. The LLP cannot be certain as to how these regulatory developments will impact the treatment of the Covered Bonds.

In particular, any amendments to existing or new swap transactions entered into by the LLP may be subject to clearing, exchange trading, capital, margin posting and collecting, reporting and recordkeeping requirements under the Dodd-Frank Act that could result in additional regulatory burdens, costs and expenses (including extraordinary, non-recurring expenses of the LLP). Even those swap transactions not required to be cleared may be subject to initial and variation margining and documentation requirements that may require modifications to existing agreements.

No assurance can be given that the Dodd-Frank Act and related regulations or any other new legislative changes enacted will not have a significant impact on the Issuer or the LLP, including on the amount of Covered Bonds that may be issued in the future or the LLP's ability to maintain or enter into swap transactions.

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will either be in bearer form, with or without interest coupons and/or talons attached, or registered form, without interest coupons and/or talons attached. Bearer Covered Bonds and A$ Registered Covered Bonds may be offered, sold and delivered only outside the United States to non-US persons in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Covered Bonds may be offered and sold outside the United States to non-US persons in reliance on the exemption from registration provided by Regulation S and within the United States only to QIBs in reliance on Rule 144A.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will initially be issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Global Covered Bond**) or, if so specified in the applicable Final Terms (the **Final Terms**), a permanent global covered bond without 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**) which, in either case, will be issued in new global covered bond form (a **New Global Covered Bond**), as stated in the applicable Final Terms and will be delivered on or about the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, SA (**Clearstream, Luxembourg**).

The Bearer Covered Bonds are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Bearer Covered Bonds are intended upon issue to be deposited with a Common Safekeeper and does not necessarily mean the Bearer Covered Bonds will be recognised as collateral for the central banking system for the euro (the **Eurosystem**) monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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 (a) interests in a Permanent Global Covered Bond of the same Series or (b) for Bearer Definitive Covered Bonds of the same Series with, where applicable, 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 to the extent that certification as required by US Treasury regulations has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certification it has received) to the Principal Paying Agent (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Covered Bonds are not United States persons (as defined in the US Internal Revenue Code of 1986, as amended) or persons who have purchased for resale to any United States person, as described above 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 without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, interest coupons and talons attached upon either (a) 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 (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) 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 (ii) 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. If an Exchange Event occurs, 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, if an Exchange Event occurs as described in paragraph (ii) 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.

The exchange of a Permanent Global Covered Bond for Definitive Covered Bonds upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Covered Bonds are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Covered Bonds which is to be represented on issue by a Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds.

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 which have an original maturity of more than one year that are issued pursuant to TEFRA D and on all interest coupons and/or talons 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 US holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, interest coupons and/or talons 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, interest coupons and/or talons.

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-US persons (as defined in Regulation S) 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 40 days after the completion of the distribution of each Tranche of Registered Covered Bonds (such period, the **Distribution Compliance Period**), beneficial interests in a Regulation S Covered Bond may not be offered or sold to, or for the account or benefit of, a US person (as defined in Regulation S) save as otherwise provided in Condition 2 (Transfers of Registered Covered Bonds and A$ Registered Covered Bonds) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S 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 US persons in private transactions to 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 pursuant to Rule 144A 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 (a) be deposited with a custodian for, and registered in the name of a nominee of DTC, or (b) be deposited with a Common Depositary or Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of the Common Depositary or in the name of a

nominee of the Common Safekeeper, as the case may be, 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.

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 5.4 (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 5.4 (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 interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that: (a) 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; or (b) in the case of Covered Bonds registered in the name of a nominee for a Common Depositary or in the name of a nominee of the Common Safekeeper, as the case may be, 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 (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by the Registered Covered Bonds 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. If an Exchange Event occurs, 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, if an Exchange Event occurs as described in paragraph (c) 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 US$200,000 and integral multiples of US$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Covered Bond. 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*".

A$ Registered Covered Bonds

The A$ Registered Covered Bonds are issued in registered form by an entry in the A$ Register maintained by the Australian Registrar.

Entry of the name of the holder in the A$ Register in respect of an A$ Registered Covered Bond constitutes the obtaining or passing of title and is conclusive evidence that the person entered is the registered holder of the A$ Registered Covered Bonds. A$ Registered Covered Bonds which are held in the Austraclear System will be registered in the name of

Austraclear Ltd (ABN 94 002 060 773). No certificate or other evidence of title will be issued to holders of the A$ Registered Covered Bonds unless the Issuer determines that certificates should be available, or it is required to do so pursuant to any applicable law or regulation.

Transfers of interests in A$ Registered Covered Bonds held in the Austraclear System may be conducted only in accordance with Austraclear Regulations and the Australian Deed Poll. A$ Registered Covered Bonds are also subject to the restrictions on transfer set forth therein, see "*Subscription and Sale and Transfer and Selling Restrictions*".

N Covered Bonds and Other Covered Bonds

N Covered Bonds will be issued to each holder of N Covered Bonds. For the avoidance of doubt, such N Covered Bonds will not be issued pursuant to this Base Prospectus.

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, Clearstream, Luxembourg and/or the Austraclear System 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 (other than for A$ Registered Covered Bonds), the Australian Paying Agent (in respect of A$ Registered Covered Bonds), and the Bond Trustee.

No holder of the Covered Bonds 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.

The Issuer will notify the ICSDs and the Paying Agents upon issue whether the Covered Bonds are intended, or are not intended, to be held in a manner which would allow Eurosystem eligibility and deposited with one of the ICSDs as common safekeeper (and in the case of registered Covered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Where the Covered Bonds are not intended to be deposited with one of the ICSDs as common safekeeper upon issuance, should the Eurosystem eligibility criteria be amended in the future such as that the Covered Bonds are capable of meeting such criteria, the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper. Where the Covered Bonds are so deposited with one of the ICSDs as common safekeeper (and in the case of registered Covered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper) upon issuance or otherwise, this does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

FORM OF FINAL TERMS

[Date]

Nationwide Building Society

Issuer Legal Entity Identifier (LEI): 549300XFX12G42QIKN82

Issue of Regulated [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds] irrevocably and unconditionally guaranteed as to payment of principal and interest by Nationwide Covered Bonds LLP under the €45 billion Global Covered Bond Programme

PART A – CONTRACTUAL TERMS

MIFID II PRODUCT GOVERNANCE/TARGET MARKET – Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a distributor) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE/TARGET MARKET – Solely for the purposes of the manufacturers' 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, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of 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. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to 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 manufacturers' target market assessment) and determining appropriate distribution channels.

[**NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE SFA) AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE CMP REGULATIONS 2018) –** In connection with Section 309(B) of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all persons (including all relevant persons as defined in Section 309A(1) of the SFA), that the Covered Bonds are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale and Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][1]

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 both) 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 (EU) 2016/97 (the **Insurance Distribution Directive**) as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the

[1] For any Covered Bonds to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Covered Bonds pursuant to Section 309(B) of the SFA prior to launch of the offer.

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 UK. For these purposes, a retail investor means a person who is one (or both) of: (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 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time (**EUWA**); (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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of 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.

Neither the Issuer nor the LLP is a building society nor a bank nor an authorised deposit-taking institution which is authorised under the Banking Act 1959 (Cth) of Australia (the **Australian Banking Act**) nor are either of them authorised to carry on banking business under the Australian Banking Act. The Covered Bonds are not obligations of any government and, in particular, are not guaranteed by the Commonwealth of Australia. Neither the Issuer nor the LLP is supervised by the Australian Prudential Regulation Authority. A$ Registered Covered Bonds that are offered for issue or sale or transferred in, or into, Australia are offered only in circumstances that would not require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act 2001 of Australia (**Corporations Act**) and issued and transferred in compliance with the terms of the exemption from compliance with section 66 of the Australian Banking Act that is available to the Issuer, which requires that such A$ Registered Covered Bonds are issued or transferred in, or into, Australia in parcels of not less than A$500,000 in aggregate principal amount. An investment in any A$ Registered Covered Bonds issued by the Issuer will not be covered by the depositor protection provisions in section 13A of the Australian Banking Act and will not entitle A$ Registered Covered Bondholders to claim under the financial claims scheme under Division 2AA of the Australian Banking Act.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [date] [and the supplemental Prospectus dated [date]] which constitutes a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of 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 in order to obtain all the relevant information. The Base Prospectus [and the supplemental Prospectus] is available for viewing during normal business hours at the registered office of the Issuer and copies may be obtained from the specified office of each of the Paying Agents and have been published on the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the prospectus dated [original date] [and the supplemental Prospectus dated [date]], which constitutes a base prospectus (the **Prospectus**) for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of 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 the Prospectus in order to obtain all the relevant information. Full information on the Issuer, the LLP and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [current date]. Copies of such Prospectus [and the supplemental Prospectus] are available for viewing during normal business hours at the registered office of the Issuer and copies may be obtained from the specified office of each of the Paying Agents and have been published on the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*.]

The LLP is not now, and immediately following the issuance of the Covered Bonds pursuant to the Trust Deed will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended, and under the Volcker Rule and its related regulations may be available, the LLP has relied on the exemption from registration set forth in Section 3(c)(5)(C) of the Investment Company Act of 1940, as amended. See "*Certain Volcker Rule Considerations*" in the Prospectus dated [date].

1.	(a)	Issuer:	Nationwide Building Society
	(b)	Guarantor:	Nationwide Covered Bonds LLP
2.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Series which Covered Bonds will be consolidated and form a single Series with:	[●]/ [Not Applicable]
	(d)	Date on which the Covered Bonds will be consolidated and form a single Series with the Series specified above:	[●]/ [Issue Date]/[Not Applicable]
3.	Specified Currency or Currencies:		[●]
4.	Nominal Amount of Covered Bonds to be issued:		[●]
5.	Aggregate Nominal Amount of Covered Bonds:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
6.	Issue Price:		[●]% of the Aggregate Nominal Amount [plus accrued interest from [●]
7.	(a)	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]
	(b)	Calculation Amount:	[●]
8.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[●]/ [Issue Date]/[Not Applicable]
	(c)	A$ Record Date:	[●]/ [Not Applicable]
9.	(a)	Final Maturity Date:	[●]/ [Interest Payment Date falling in or nearest to [●]]
	(b)	Extended Due for Payment Date of Guaranteed Amounts corresponding to	[●]/ [Interest Payment Date falling in or nearest to [●]]/Not Applicable]

	the Final Redemption Amount under the Covered Bond Guarantee:	
10.	Interest Basis:	[[●]% Fixed Rate] [[EURIBOR]/ [BBSW Rate]/[Compounded Daily SONIA]/Average SONIA]/[Compounded Daily SOFR]/[Average SOFR]/[Compounded Daily €STR][●] [+/-[●]%] Floating Rate] [Zero Coupon] (further particulars specified below)
11.	Redemption/Payment Basis:	[100] % of the nominal value
12.	Change of Interest Basis:	[●]/[in accordance with paragraphs [15] and [16] below]
13.	Call Options:	[Issuer Call]/ [Not Applicable]
14.	[Date [Board] approval for issuance of Covered Bonds [and Guarantee] obtained:	[●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE[2]

15.	Fixed Rate Covered Bond Provisions:		[Applicable/Not Applicable]
	(a)	Fixed Rate(s) of Interest:	[●]% per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[●] in each year up to and including the [Final Maturity Date]/ [Extended Due for Payment Date, if applicable] (provided however that after the Extension Determination Date, the Interest Payment Date shall be [monthly])
	(c)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Modified Preceding Business Day Convention]
	(d)	Business Day(s):	[●]
		Additional Business Centre(s):	[London/Brussels]/ [Not Applicable]
	(e)	Fixed Coupon Amount(s):	[●] per Calculation Amount
	(f)	Initial Broken Amount:	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]/ [Not Applicable]
	(g)	Final Broken Amount:	[●]

[2] This section relates to interest payable under the Covered Bonds and corresponding amounts of Scheduled Interest payable under the Covered Bond Guarantee.

	(h)	Day Count Fraction:	[30/360 or Actual/Actual ((ICMA)/(ISDA))/RBA Bond Basis or Australian Bond Basis]
	(i)	Determination Date(s):	[[●] in each year]/ [Not Applicable]
16.	Floating Rate Covered Bond Provisions:		[Applicable/Not Applicable]
	(a)	Interest Period(s):	[●]
	(b)	Specified Interest Payment Date(s):	[●]
	(c)	First Interest Payment Date:	[●]
	(d)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Modified Preceding Business Day Convention]
	(e)	Business Centre(s):	[●]/ [Not Applicable]
	(f)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/BBSW Rate Determination/ISDA Determination]
	(g)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount (if not the [Agent]):	[●]/ [Australian Calculation Agent]
	(h)	Screen Rate Determination:	[Applicable/Not Applicable]
		– Reference Rate:	[[EURIBOR]/Compounded Daily SONIA]/ [Average SONIA]/[Compounded Daily SOFR]/[Average SOFR]/[Compounded Daily €STR]/[●]] [As at the date of this final terms, [the administrator of [EURIBOR/SONIA/SOFR/€STR/[●]] [is/is not] included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the UK Benchmark Regulation] [so far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the UK Benchmarks Regulation.]]
		– Interest Determination Date(s):	[●]
		– Term Rate:	[Applicable/Not Applicable/ [●]]
		– Specified Time:	[[11.00 a.m./ [●]] in the Relevant Financial Centre] / [Not Applicable]
		– Relevant Financial Centre:	[London/New York/Sydney/ [●]] / [Not Applicable]
		– Overnight Rate:	[Applicable/Not Applicable/ [●]]
		– Index Determination	[Applicable/Not Applicable/ [●]]

		– Relevant Number:	[[5 / [●]] [[London Banking Days]/ [US Government Securities Business Days]/[TARGET Business Days]/[Not Applicable]
	–	Observation Method:	[Not Applicable/Lag/Lock-out/Shift]
		– Observation Look Back Period:	[●] / [Not Applicable] [unless otherwise agreed with the [Principal Paying Agent] / [[●], being the party responsible for the calculation of the Rate of Interest], (being no less than 5 [London Banking Days] / [US Government Securities Business Days] / [TARGET Business Days])
	–	Lock-Out Date:	[[●]/ [London Business Days]/[US Government Securities Business Days]/[TARGET Business Days]/[Not Applicable]]
	–	Relevant Screen Page:	[●]
(i)	ISDA Determination:		[Applicable/Not Applicable]
	Floating Rate Option:		[●]
	Designated Maturity:		[●]
	Reset Date:		[●]
(j)	BBSW Rate Determination:		[Applicable/Not Applicable]
	–	BBSW Rate:	[As per Condition 4.2(b)(ii)/*Specify*]
(k)	Margin(s):		[+/-] [●]% per annum.
(l)	Minimum Rate of Interest:		[●]% per annum
(m)	Maximum Rate of Interest:		[●]% per annum
(n)	Day Count Fraction:		[Actual/Actual ISDA Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 360/360 Bond Basis 30E/360 30E/360(ISDA) Eurobond Basis

			RBA Bond Basis or Australian Bond Basis]
17.	Zero Coupon Covered Bond Provisions:		[Applicable/Not Applicable]
	(a)	[Amortisation/Accrual] Yield:	[●]% per annum
	(b)	Reference Price:	[●]

PROVISIONS RELATING TO REDEMPTION BY THE ISSUER

18.	Call Option:		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount of each Covered Bond and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[●] per Calculation Amount
		(ii) Higher Redemption Amount:	[●] per Calculation Amount
	(d)	Notice period:	[●]
19.	Final Redemption Amount of each Covered Bond:		[●] per Calculation Amount
20.	Early Redemption Amount(s) per Calculation Amount 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

21.	Form of Covered Bonds:	[Bearer Covered Bonds: [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 (US$[●] nominal amount) registered in the name of a nominee for [DTC/a Common Depositary for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg] [Rule 144A Global Covered Bond (US$[●] nominal amount) registered in the name of a nominee for [DTC/a Common Depositary for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg] [A$ Registered Covered Bond [registered in the name of Austraclear in the Austraclear System]/ [●].]
22.	New Global Covered Bond:	[Yes]/[No]
23.	Financial Centre(s) relating to payment dates:	[Not Applicable]/ [●]
24.	Talons for future Coupons to be attached to Bearer Definitive Covered Bonds (and dates on which such Talons mature):	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupons payments are still to be made/No]
25.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition 5.9 (*Redenomination*) apply]]

PART B – OTHER INFORMATION

1. LISTING

(a)	Admission to trading:	Application [is expected to/has] [be/been] made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the London Stock Exchange's main market and to be listed on the Official List of the FCA with effect from [●]
(b)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

The Covered Bonds to be issued have been rated:	S & P: [●] (endorsed by S&P Global Ratings Europe Limited) Moody's: [●] (endorsed by Moody's Deutschland GmbH) Fitch: [●] (endorsed by Fitch Ratings Ireland Limited)

3. PROVISIONS RELATING TO THE JUMBO INTEREST RATE SWAPS

(a)	BMR Spread:	[●]% per annum
(b)	Fixed Rate Spread:	[●]% per annum
(c)	SMR Spread:	[●]% per annum
(d)	Tracker Rate Spread:	[●]% per annum

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(a)	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 different from what is disclosed in the Base Prospectus, give details*.)
(b)	Estimated net proceeds:	[ ] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)

5. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save as discussed in "*Subscription and Sale and Transfer and Selling Restrictions*", 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 [Managers/Dealers] and their affiliates have engaged and may in the future engage in investment banking and/or

commercial banking transactions with and may perform other services for the Issuer and/or the LLP and its or their affiliates in the ordinary course of business.]

6. OPERATIONAL INFORMATION:

(a)	ISIN Code:	[●]
(b)	Common Code:	[●]
(c)	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]
(d)	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]
(e)	[Insert here any other relevant codes such as CUSIP AND CINS codes]:	[Not Applicable/give name(s) and number(s)]
(f)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(g)	Intended to be held in a manner which would allow Eurosystem eligibility:	[[Yes/No] [Yes. Note that the designation "yes" means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [or registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day 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.]]

(h) 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 FCA pursuant to Article 36 (Register of administrators and benchmarks) of the UK Benchmarks Regulation]/[As far as the Society is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the UK Benchmarks Regulation]/[Not Applicable]

7. DISTRIBUTION

US Selling Restrictions: [Reg. S Compliance Category 2] [Rule 144A]; [TEFRA D/TEFRA C/TEFRA not applicable]

8. YIELD (Fixed Rate Covered Bonds only)

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield

9. US FEDERAL INCOME TAX CONSIDERATIONS

[Not applicable]/[[*For Covered Bonds issued in compliance with Rule 144A that are contingent payment debt instruments or which are otherwise issued with original issue discount for US federal income tax purposes*: For US federal income tax purposes, the Issuer intends to treat the Covered Bonds as [Original Issue Discount Covered Bonds/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Covered Bonds will be [ ]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a note consists of the following payments: [ ]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [ ] at [ ]]/Foreign Currency Covered Bonds issued with original issue discount.]

[*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 Treasury regulations governing original issue discount on debt instruments (the **OID Regulations**). Therefore, for the 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 US federal income tax purposes.]

Signed on behalf of the Issuer:

By: _____
Duly authorised

Signed on behalf of the LLP:

By: _____
Duly authorised

TERMS AND CONDITIONS OF THE COVERED BONDS

With the exception of N Covered Bonds, the following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into and apply (as applicable) to each A$ Registered Covered Bond, Global Covered Bond (as defined below) and each Definitive Covered Bond, 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 entered in the A$ Register (as defined below) in respect of each A$ Registered Covered Bond or endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. References to "unlisted Covered Bonds" in the Terms and Conditions set out below shall be in relation to unlisted Covered Bonds 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 document under this Base Prospectus.

In relation to N Covered Bonds, the terms and conditions of such Series of 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 Confirmation (incorporating the N Covered Bond Confirmation Terms) 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 as Schedule 1 attached thereto or the provisions of the N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) relating to such N Covered Bond.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Nationwide Building Society (the **Issuer**) constituted, in the case of Covered Bonds other than A$ Registered Covered Bonds, by a trust deed dated 30 November 2005 as amended, restated and/or supplemented on or about 27 November 2006, 25 June 2007, 30 April 2008, 3 July 2009, 6 January 2011, 7 January 2011, 28 June 2012, 17 July 2013, 1 July 2016, 27 July 2018, 20 December 2018, 5 July 2019, 15 July 2019, 8 November 2019, 21 January 2020, 3 February 2020, 12 February 2021 and 14 September 2023 (such trust deed as further modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer, Nationwide 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). A$ Registered Covered Bonds are constituted by a deed poll dated 14 September 2023 made by the Issuer (such deed poll as modified and/or supplemented and/or restated from time to time, the **Australian Deed Poll**) in favour of the Bond Trustee and the Covered Bondholders in respect of A$ Registered Covered Bonds. The original of the Australian Deed Poll is held by the Australian Registrar.

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:

(a) 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;

(b) any Global Covered Bond;

(c) any Definitive Covered Bonds in bearer form (**Bearer Definitive Covered Bonds**) issued in exchange for a Global Covered Bond in bearer form;

(d) any Definitive Covered Bonds in registered form (**Registered Definitive Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form); and

(e) any A$ Registered Covered Bonds.

The Covered Bonds (other than the A$ Registered Covered Bonds) and the Coupons (as defined below) have the benefit of an agency agreement dated the Initial Programme Date and amended and restated on 25 June 2007, 17 July 2013, 29

July 2016, 15 July 2019, 3 February 2020 and 12 February 2021 (such agency agreement as further amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) 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 and agent bank (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 and , in the case of A$ Registered Covered Bonds, the Australian Paying Agent), 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 Citibank, N.A., London Branch 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). The A$ Registered Covered Bonds have the benefit of an Australian registrar and paying agent services agreement dated 14 September 2023 between the Issuer, the LLP and Computershare Investor Services Pty Limited (ABN 48 078 279 277) as paying agent (the **Australian Paying Agent** which expression shall include any successor), as registrar (the **Australian Registrar** or the **A$ Registrar**, which expression shall include any successor) and as calculation agent (the **Australian Calculation Agent** which expression shall include any successor or any other person appointed by the Issuer and/or the LLP to perform calculation duties in respect of any A$ Registered Covered Bonds from time to time) in relation to the A$ Registered Covered Bonds (as modified and/or restated from time to time, the **Australian Agency Agreement**). As used herein, **Agents** shall mean the Paying Agents and the Exchange Agent and the Transfer Agents. Reference should be made to "*Form of the Covered Bonds*" for a description of the content of the applicable Final Terms, which will specify which of such terms are to apply in relation to the relevant Covered Bonds.

Interest-bearing Bearer Definitive Covered Bonds have interest coupons (**Coupons**) and, in the case of Covered Bonds which when issued in definitive form, have more than 27 interest payments remaining 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. Registered Covered Bonds and Global Covered Bonds do not have Coupons or Talons attached on issue.

The Final Terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Covered Bond or, in relation to an A$ Registered Covered Bond, entered into the register of holders of the A$ Registered Covered Bonds maintained by the A$ Registrar (the **A$ Register**) in respect of that A$ Registered Covered Bond, which supplements these Terms and Conditions (the **Conditions**). References to the **Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond or any drawdown prospectus issued in relation to a particular series of Covered Bonds or, in relation to an A$ Registered Covered Bond, entered into the A$ Register in respect of that A$ Registered Covered Bond.

The Bond Trustee acts for the benefit of the holders for the time being of the Covered Bonds (the **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) 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 admission to trading) and **Series** means 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 and admission to trading) 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 dated the Initial Programme Date as amended and restated on 30 November 2007, 30 April 2008, 19 June 2008, 19 June 2008, 17 July 2013, 1 July 2016 and 12 February 2021 (such deed of charge as amended and/or supplemented and/or restated from time to time, the **Deed of Charge**) 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 and, in the case of the A$ Registered Covered Bonds, the Australian Deed Poll.

Copies of the Trust Deed, the Deed of Charge, the Master Definitions and Construction Agreement (as defined below), the Agency Agreement and each of the other Transaction Documents are available for inspection on the website of the Issuer at *https://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/*, or during normal business hours at the registered office for the time being of the Bond Trustee being as at the date of this Base Prospectus at Citigroup Centre, Canada Square, Canary Wharf, 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) 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. A copy of the Australian Deed Poll is available for inspection during normal business hours at the registered office for the time being of the Australian Registrar, being as at the date of this Base Prospectus, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia. For the avoidance of doubt, the N Covered Bonds and the N Covered Bond Confirmation will not be available for inspection. The holders of the Covered Bonds 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 and Construction Agreement, 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.

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 and construction agreement dated on or about the Initial Programme Date and amended and restated on 27 November 2006, 25 June 2007, 30 November 2007, 30 April 2008, 19 June 2008, 3 July 2009, 18 December 2009, 8 December 2011, 28 June 2012, 17 July 2013, 1 July 2016, 12 February 2021, 12 September 2022 and 14 September 2023 (such master definitions and construction agreement as further amended and/or supplemented and/or restated from time to time, the **Master Definitions and Construction Agreement**), 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 or A$ Registered Covered Bonds and vice versa.

This Covered Bond may be denominated in any currency.

Subject to confirmation prior to the issuance of this Covered Bond from each Relevant Rating Agency that the then current rating of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond, this Covered Bond may, depending upon the Interest Basis shown in the applicable Final Terms, 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.

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.

Subject as set out below, title to the Bearer Covered Bonds and Coupons will pass by delivery, title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement and title to the A$ Registered Covered Bonds will pass upon registration of transfers in respect of A$ Registered Covered Bonds, in accordance with these Conditions, the Australian Deed Poll and the Trust Deed (as applicable). 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 or Coupon and the registered holder of any Registered Covered Bond or any registered holder of any A$ 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 depositary or common safe-keeper (as the case may be) 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 **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.

For so long as any of the A$ Registered Covered Bonds are lodged in the clearance and settlement system operated by Austraclear Ltd ABN 94 002 060 773 (**Austraclear** and such system being the **Austraclear System**), the A$ Registrar will inscribe Austraclear in the A$ Register as the holder of the A$ Registered Covered Bonds. While those A$ Registered Covered Bonds remain in the Austraclear System all payments and notices required of the Issuer, the Australian Paying Agent or the Australian Registrar in relation to those A$ Registered Covered Bonds will be made in accordance with the regulations and procedures established by Austraclear to govern the use of the Austraclear System (such regulations and procedures being the **Austraclear Regulations**) and all dealings (including transfers and payments) in relation to those A$ Registered Covered Bonds within the Austraclear System will be governed by the Austraclear Regulations.

If Austraclear is inscribed in the A$ Register in respect of A$ Registered Covered Bond, despite any other provision of these Terms and Conditions, that A$ Registered Covered Bond is not transferable on the A$ Register, and the Issuer may not, and must procure that the Australian Registrar does not, register any transfer of that A$ Registered Covered Bond, and the relevant member of the Austraclear System to whose security account the A$ Registered Covered Bond is credited in respect of that A$ Registered Covered Bond (the **Relevant Member**) has no right to request any registration or any transfer of that A$ Registered Covered Bonds, except that (1) for any repurchase, redemption or cancellation, a transfer of that A$ Registered Covered Bonds

from Austraclear to the Issuer may be inscribed in the A$ Register and (2) either (i) Austraclear gives notices to the Australian Registrar stating that the Relevant Member has stated to Austraclear that it needs to be registered in relation to the A$ Registered Covered Bond in order to pursue any rights against the Issuer or (ii) Austraclear purports to exercise any power it may have under the Austraclear Regulations from time to time or these Terms and Conditions, to require A$ Registered Covered Bonds to be transferred on the A$ Register to the Relevant Member, in each case, the A$ Registered Covered Bond may be transferred on the A$ Register from Austraclear to the Relevant Member, in any of these cases, the A$ Registered Covered Bond will cease to be held in the Austraclear System. Where Austraclear is recorded in the A$ Register as the holder of an A$ Registered Covered Bond, each person in whose Security Record (as defined in the Austraclear Regulations) an A$ Registered Covered Bond is recorded is deemed to acknowledge in favour of the Australian Registrar, the Issuer and Austraclear that:

(i) the Australian Registrar's decision to act as the registrar of that A$ Registered Covered Bond is not a recommendation or endorsement by the Australian Registrar or Austraclear in relation to that A$ Registered Covered Bond, but only indicates that the Australian Registrar considers that the holding of the A$ Registered Covered Bonds is compatible with the performance by it of its obligations as Australian Registrar under the Australian Agency Agreement; and

(ii) the holder of the A$ Registered Covered Bond does not rely on any fact, matter or circumstance contrary to paragraph (i).

References to DTC, Euroclear, Clearstream, Luxembourg and/or the Austraclear System 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.

2. TRANSFERS OF REGISTERED COVERED BONDS AND A$ REGISTERED COVERED BONDS

2.1 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 authorised 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.

2.2 Transfers of Registered Covered Bonds in definitive form

Subject as provided in Conditions 2.6 (Transfers of interests in Regulation S Global Covered Bonds), 2.7 (Transfers of interests in Legended Covered Bonds) and 2.8 (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 authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) 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 (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) 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.

2.3 Transfers of A$ Registered Covered Bonds

Title to the A$ Registered Covered Bonds passes when details of the transfer are entered in the A$ Register. The A$ Register will be closed for the purpose of determining entitlements to payments of interest and principal at 5.00pm in the place where the A$ Register is kept on the eighth calendar day before the relevant date for payment, or such other date specified in or determined in accordance with the applicable Final Terms for that purpose (the **A$ Record Date**).

A$ Registered Covered Bonds may be transferred in whole but not in part. A transfer to an unincorporated association is not permitted.

Application for the transfer of A$ Registered Covered Bonds not entered into the Austraclear System or any alternative clearing system must be made by the lodgement of a transfer form with the Australian Registrar at its specified office. Each transfer form must be duly completed, accompanied by any evidence the Australian Registrar may require to establish that the transfer form has been duly executed and signed by the transferor and the transferee.

If a Covered Bondholder transfers some but not all of the Covered Bonds it holds and the transfer form does not identify the specific Covered Bonds transferred, the Australian Registrar may choose which Covered Bonds registered in the name of the Covered Bondholder have been transferred. However, the Principal Amount Outstanding of the Covered Bonds registered as transferred must equal the Principal Amount Outstanding of the Covered Bonds expressed to be transferred in the transfer form.

For so long as any of the A$ Registered Covered Bonds are lodged in the Austraclear System, beneficial interests in A$ Registered Covered Bonds will be transferable only in accordance with the Austraclear Regulations.

A$ Registered Covered Bonds may only be transferred if:

(i) in the case of A$ Registered Covered Bonds to be transferred in, or into, Australia (i) the offer or invitation giving rise to the transfer is for an aggregate consideration by each person on acceptance of the offer or invitation (as the case may be) of at least A$500,000 (or its equivalent in an alternative currency, and in either case, disregarding monies lent by the transferor or its associates to the transferee) or does not otherwise require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act 2001 of Australia (the **Corporations Act**); and (ii) the transferee is not a "retail client" as defined in section 761G of the Corporations Act; and (iii) the transfer complies with the terms of the exemption from compliance with section 66 of the Australian Banking Act that is available to the Issuer (and which, unless otherwise specified in the applicable Final Terms, requires all offers and transfers of any parcels of A$ Registered Covered Bonds to be for an aggregate principal amount of not less than A$500,000); and

(ii) at all times, the transfer is in compliance with all applicable laws, regulations or directives (including, without limitation, the laws of the jurisdiction in which the transfer takes place).

2.4 Registration of transfer upon partial redemption

In the event of a partial redemption of Covered Bonds under Condition 6 (Redemption and Purchase), the Issuer or the Australian Registrar (as applicable) shall not be required to register the transfer of any Registered Covered Bond or A$ Registered Covered Bond, or part of a Registered Covered Bond or A$ Registered Covered Bond, called for partial redemption.

2.5 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 or Australian Registrar 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.

2.6 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 US 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 US counsel, that such transfer is in compliance with the Securities Act and any applicable securities laws of any State of the United States, and, in each case, in accordance with the Securities Act and any applicable securities laws of any State of the United States or any other jurisdiction.

After expiry of the applicable Distribution Compliance Period (a) 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 (b) such certification requirements will no longer apply to such transfers.

2.7 Transfers of interests in Legended Covered Bonds

Transfers of Legended Covered Bonds or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Covered Bond, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Covered Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Legended 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 US

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 US 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.

2.8 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.

2.9 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;

Legended Covered Bonds means 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;

New Safekeeping Structure means the safekeeping structure for registered notes set out in the press release of the ECB dated 22 October 2008 and titled "Evolution of the custody arrangements for international debt services and their eligibility in Euro system credit operations";

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

3.1 Status of the Covered Bonds

The Covered Bonds and any relative 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.

3.2 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 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 and Construction Agreement) 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

4.1 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. Interest will be payable, subject as provided in these Conditions, in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date. If a Notice to Pay is served on the LLP, the LLP shall pay Guaranteed Amounts in equivalent amounts to those described above under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

If the Covered Bonds are in definitive form, 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 applicable Final Terms (the **Fixed Coupon 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 (the **Broken Amount**) so specified.

Except in the case of Covered Bonds where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Fixed Rate Covered Bonds represented by such Global Covered Bond;

(ii) in the case of Fixed Rate Covered Bonds in definitive form, the Calculation Amount (as specified in the applicable Final Terms); or

(iii) in the case of Fixed Rate Covered Bonds which are A$ Registered Covered Bonds, the Principal Amount Outstanding of the A$ Registered Covered Bond;

and in each case, 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. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1 (Interest on Fixed Rate Covered Bonds):

(a) if Actual/Actual (ICMA) is specified in the applicable Final Terms:

(i) in the case of Covered Bonds where the 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**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "30/360" is 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; or

(c) if "RBA Bond Basis" or "Australian Bond Basis" is specified in the applicable Final Terms, one divided by the number of Interest Payment Dates in a year (or where the Determination Period does not constitute a Fixed Interest Period, the actual number of days in the Determination Period divided by 365 (or, if any portion of the Determination Period falls in a leap year, the sum of:

(i) the actual number of days in that portion of the Determination Period falling in a leap year divided by 366; and

(ii) the actual amount of days in that portion of the Determination Period falling in a non-leap year divided by 365)).

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).

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.

Original Due for Payment Date means, in respect of the payment of Guaranteed Amounts, prior to the occurrence of an LLP Event of Default and following the delivery of a Notice to Pay on the LLP, 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 specify 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.

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.

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, euro 0.01.

4.2 Interest on Floating Rate Covered Bonds

(a) *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:

(i). the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii). 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 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:

(i). in any case where Specified Periods are specified in accordance with Condition 4.2(a)(B), the **Floating Rate Convention**, such Interest Payment Date (a) in the case of paragraph (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of Condition 4.2(b) shall apply *mutatis mutandis* or (b) in the case of 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 (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls within the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii). the **Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(iii). 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;

(iv). the **Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(v). the **Modified Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day unless it would thereby fall into the previous calendar month, in which event such Interest Payment Date shall be postponed to the next day which is a 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 or, in the case of A$ Registered Covered Bonds, in Sydney and, in each case 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 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 Covered Bonds denominated or payable in euro, a euro payments trading system known as T2, or any successor thereto, is open for the settlement of payments in euro. **T2** 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 or any successor thereto.

(b) *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.

(i). *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 (if any) provided that in any circumstances where under the ISDA Definitions the Calculation Agent or the Principal Paying Agent would be required to exercise any discretion, including the selection of any reference banks and seeking quotations from reference banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent or the Principal Paying Agent to exercise its discretion shall instead be made by the Issuer or its designee. For the purposes of this Condition 4.2(b)(i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other person specified in the applicable Final Terms or, in respect of the A$ Registered Covered Bonds, the Australian Calculation Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Principal Paying Agent or the Australian Calculation Agent (as the case may be) or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006

ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is the period specified in the applicable Final Terms;

(C) the relevant Reset Date is specific in the applicable Final Terms; and

(D) if the applicable Floating Rate Option is based on the Euro-zone interbank offered rate for a currency or the Australian Bank Bill Swap Rate (**BBSW**), the first day of that Interest Period,

provided that, if no Rate of Interest can be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be (1) if the Principal Paying Agent or the Australian Calculation Agent (as the case may be) is instructed to do so by the Issuer (though applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest, if any, applicable to the relevant Interest Period), failing which (2) the Rate of Interest determined as at the last preceding Interest Determination Date on which the Rate of Interest was so determined (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is/are to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period) or, if there is no such preceding Interest Determination Date, the initial Rate of Interest applicable to such Covered Bonds on the Interest Commencement Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is/are to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period).

For the purposes of this Condition 4.2(b)(i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

(ii). *Screen Rate Determination – Overnight Rate for Floating Rate Covered Bonds*

SONIA

Compounded Daily SONIA (Non-Index Determination)

Where **Screen Rate Determination** and **Overnight Rate** are specified as "Applicable", the Reference Rate is specified as being "Compounded Daily SONIA, ", and **Index Determination** is specified as "Not Applicable" 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) 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:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{i-pLBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

d means the number of calendar days in (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the relevant SONIA Observation Period;

d_o means (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) for any Interest Period, the number of London Banking Days in the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) for any SONIA Observation Period, the number of London Banking Days in the relevant SONIA Observation Period;

i means a series of whole numbers from 1 to d_0, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) in the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the SONIA Observation Period;

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

n_i, for any day *i*, means the number of calendar days from and including such day *i* up to but excluding the following London Banking Day;

p means (save as specified in the applicable Final Terms) the number of London Banking Days included in the **Observation Look-Back Period** specified in the applicable Final Terms;

SONIA reference rate, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day);

$SONIA_{i-pLBD}$ means:

(a) where in the applicable Final Terms "Lag" is specified as the Observation Method, (save as specified in the applicable Final Terms) in respect of any London Banking Day *i* falling in the relevant Interest Period, the SONIA reference rate for the London Banking Day falling *p* London Banking Days prior to such day;

(b) where in the applicable Final Terms "Lock-out" is specified as the Observation Method, (save as specified in the applicable Final Terms) during each relevant Interest Period, the SONIA reference rate for each London Banking Day *i* falling in the relevant Interest Period, except that in respect of each London Banking Day i falling on or after the "Lock-out date" specified in the applicable Final Terms (or, where no "Lock-out date" is specified, five London Banking Days prior to each relevant Interest Payment Date) until the end of each relevant Interest Period, the SONIA reference rate determined in accordance with paragraph (a) below in respect of such "Lock-out date"; or

(c) where in the applicable Final Terms "Shift" is specified as the Observation Method, (save as specified in the applicable Final Terms) $SONIA_i$, where $SONIA_i$ is, in respect of any London Banking Day *i* falling in the relevant SONIA Observation Period, the SONIA reference rate for such day ; and

SONIA Observation Period means the period from and including the date falling *p* London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling *p* London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling *p* London Banking Days prior to such earlier date, if any, on which the Covered Bonds become due and payable).

Compounded Daily SONIA (Index Determination)

Where **Screen Rate Determination**, **Overnight Rate** and **Index Determination** are specified as "Applicable" and the **Reference Rate** is specified as being "Compounded Daily SONIA" 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) and 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:

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

where:

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$_{Start}$ 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; and

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).

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 "Compounded Daily SONIA" determined as set out under the section entitled "*Compounded Daily SONIA (Non-Index Determination)*" above 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 "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.

Average SONIA

Where **Screen Rate Determination** and **Overnight Rate** are specified as "Applicable", **the Reference Rate** is specified as being "Average SONIA", and **Index Determination** is specified as "Not Applicable" 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 Average 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).

Average SONIA, in relation to any Interest Period, means the arithmetic mean of $SONIA_i$ in effect during such Interest Period and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\frac{\sum_{i=1}^{d_o} SONIA_i \times n}{d}\right] \times \frac{365}{d}$$

where:

d, ***d_0***, ***i***, ***London Banking Day, p*** and ***SONIA reference rate*** have the meanings set out under the section entitled "*Compounded Daily SONIA (Non-Index Determination)*" above;

n, for any London Banking Day, means the number of calendar days from and including, such London Banking Day up to but excluding the following London Banking Day; and

$SONIA_i$ means, for any London Banking Day *i*:

(a) where in the applicable Final Terms "Lag" is specified as the Observation Method, (save as specified in the applicable Final Terms) the SONIA reference rate in respect of the London Banking Day falling *p* London Banking Days prior to such day;

(b) where in the applicable Final Terms "Lock-out" is specified as the Observation Method, (save as specified in the applicable Final Terms) during each relevant Interest Period, the SONIA reference rate for each London Banking Day *i* falling in the relevant Interest Period, except that in respect of each London Banking Day *i* falling on or after the "Lock-out date" specified in the applicable Final Terms (or, where no "Lock-out date" is specified, five London Banking

Days prior to each relevant Interest Payment Date) until the end of each relevant Interest Period, the SONIA reference rate determined in accordance with paragraph (a) above in respect of such "Lock-out date"; or

(c) where in the applicable Final Terms "Shift" is specified as the Observation Method, (save as specified in the applicable Final Terms) the SONIA reference rate on the London Banking Day *i*.

If, in respect of any London Banking Day in the relevant SONIA Observation Period, or the relevant Interest Period (as the case may be), the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, 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 $SONIA_i$ for the purpose of the Covered Bonds for so long as the SONIA rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be determined (i) as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Floating Rate Covered Bonds on the Interest Commencement Date had the Floating Rate Covered Bonds been issued one calendar month prior to the Issue Date.

If the Floating Rate Covered Bonds become due and payable in accordance with Condition 9 (Events of Default and Enforcement), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which the Floating Rate Covered Bonds became due and payable and the Rate of Interest on the Floating Rate Covered Bonds shall, for so long as any Floating Rate Covered Bonds remain outstanding, be that determined on such date.

SOFR

Definitions

Business Day has the meaning set forth in Condition 4.2(a) and, if (i) the relevant Final Terms specify that the Reference Rate is "Compounded Daily SOFR" and (ii) a SOFR Index Cessation Date has not occurred, a US Government Securities Business Day.

OBFR means, on an Interest Payment Date, the Overnight Bank Funding Rate that appears on the Federal Reserve's website at 5:00 p.m. (New York time) for trades made on the related Interest Determination Date.

OBFR Index Cessation Date means, following the occurrence of an OBFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Overnight Bank Funding Rate), ceases to publish the Overnight Bank Funding Rate, or the date as of which the Overnight Bank Funding

Rate may no longer be used, in each case as certified in writing by the Issuer to the Principal Paying Agent (or such other party responsible for the calculation of the rate of interest, as specified in the applicable Final Terms).

OBFR Index Cessation Event means the occurrence of one or more of the following events:

(i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate;

(ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) has ceased or will cease to provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate; or

(iii) a public statement by a regulator or other official sector entity prohibiting the use of the Overnight Bank Funding Rate that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as an "OBFR index cessation event" under the 2006 ISDA Definitions as published by ISDA.

SOFR means, with respect to any US Government Securities Business Day, the rate determined in accordance with the following provisions:

(i) the Secured Overnight Financing Rate that appears on the Federal Reserve's website at 3:00 p.m. (New York time) on the immediately following US Government Securities Business Day;

(ii) if the rate specified in paragraph (i) above does not so appear, and a SOFR Index Cessation Event has not occurred, then 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 use the Secured Overnight Financing Rate published on the Federal Reserve's website for the first preceding US Government Securities Business Day on which the Secured Overnight Financing Rate was published on the Federal Reserve's website;

(iii) if a SOFR Index Cessation Date has occurred, 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 calculate SOFR as if references to SOFR were references to the rate that was recommended as (and notified by the Issuer to the Principal Paying Agent (or such other party responsible for the calculation of the rate of interest, as specified in the applicable Final Terms) being the replacement for the Secured Overnight Financing Rate by 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 for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by a Federal Reserve Bank or other designated administrator, and which rate may include any adjustments or spreads). If no such rate has been recommended within one US Government Securities Business Day of the SOFR Index Cessation Date, then 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 use OBFR published on the Federal Reserve's website for any Interest Payment Date after the SOFR Index Cessation Date; and

(iv) if the Principal Paying Agent (or such other party responsible for the calculation of the rate of interest, as specified in the applicable Final Terms) is required to use OBFR in paragraph (iii) above and an OBFR Index Cessation Date has occurred, then for any Interest Payment Date after such OBFR Index Cessation Date, 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 use the short-term interest rate target set by the Federal Open Market Committee and published on the Federal Reserve's website, or if the Federal Open Market Committee does not target a single rate, the mid-point of the short-term interest rate target range set by

the Federal Open Market Committee and published on the Federal Reserve's website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range).

SOFR Index Cessation Date means, following the occurrence of a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used, in each case as certified in writing by the Issuer to the Principal Paying Agent (or such other party responsible for the calculation of the rate of interest, as specified in the applicable Final Terms).

SOFR Index Cessation Event means the occurrence of one or more of the following events:

(i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate;

(ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or

(iii) a public statement by a regulator or other official sector entity prohibiting the use of the Secured Overnight Financing Rate that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as a "SOFR index cessation event" under the 2006 ISDA Definitions as published by ISDA.

SOFR Reset Date means each US Government Securities Business Day in the relevant Interest Period, other than any US Government Securities Business Day during the period from (and including) the day following the relevant Interest Determination Date to (but excluding) the corresponding Interest Payment Date.

US Government Securities Business Day or **USBD** 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 US government securities.

Compounded Daily SOFR (Non-Index Determination)

Where **Screen Rate Determination** and **Overnight Rate** are specified as "Applicable", the Reference Rate is specified as being "Compounded Daily SOFR", and **Index Determination** is specified as "Not Applicable" in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period, subject as provided below, will be Compounded Daily SOFR plus the Margin.

Compounded Daily SOFR means the rate of return of a daily compound interest investment (with the Secured Overnight Financing Rate 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 as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{i-pUSBD}\times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where:

d means the number of calendar days in (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the relevant SOFR Observation Period;

d_0 means (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) for any Interest Period, the number of US Government Securities Business Days in the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) for any SOFR Observation Period, the number of US Government Securities Business Days in the relevant SOFR Observation Period;

i means a series of whole numbers from 1 to d_0, each representing the relevant US Government Securities Business Days in chronological order from, and including, the first US Government Securities Business Day in (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the relevant SOFR Observation Period;

n_i, for any US Government Securities Business Day i in (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the relevant SOFR Observation Period, means the number of calendar days from and including such US Government Securities Business Day up to but excluding the following US Government Securities Business Day;

p means (save as specified in the applicable Final Terms) the number of US Government Securities Business Days included in the **Observation Look-Back Period** specified in the applicable Final Terms or, if no such number is specified:

(a) five US Government Securities Business Days where in the applicable Final Terms "Lag" or "Shift" is specified as the Observation Method; or

(b) zero US Government Securities Business Days where in the applicable Final Terms "Lock-out" is specified as the Observation Method;

$SOFR_{i\text{-}pUSBD}$ means:

(a) where in the applicable Final Terms "Lag" is specified as the Observation Method, (save as specified in the applicable Final Terms) in respect of any US Government Securities Business Day falling in the relevant Interest Period, the SOFR for the US Government Securities Business Day falling p US Government Securities Business Days prior to such day;

(b) where in the applicable Final Terms "Lock-out" is specified as the Observation Method, (save as specified in the applicable Final Terms):

(i) in respect of any US Government Securities Business Day that is a SOFR Reset Date, the SOFR for the US Government Securities Business Day immediately preceding such SOFR Reset Date (or such other date as specified in the applicable Final Terms); and

(ii) in respect of any US Government Securities Business Day that is not a SOFR Reset Date, the SOFR for the US Government Securities Business Day immediately preceding the last SOFR Reset Date in the relevant Interest Period (or such other date as specified in the applicable Final Terms); or

(c) where in the applicable Final Terms "Shift" is specified as the Observation Method, (save as specified in the applicable Final Terms) $SOFR_i$, where $SOFR_i$ is, in respect of any US Government Securities Business Day i falling in the relevant SOFR Observation Period, the SOFR for such day; and

SOFR Observation Period means in respect of each Interest Period, the period from and including the date falling p US Government Securities Business Days preceding the first date in such Interest Period to but excluding the date p US Government Securities Business Days preceding the Interest Payment Date for such Interest Period.

Compounded Daily SOFR (Index Determination)

Where **Screen Rate Determination**, **Overnight Rate** and **Index Determination** are specified as "Applicable" and the **Reference Rate** is specified as being "Compounded Daily SOFR" in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period, subject as provided below, will be Compounded Daily SOFR plus the Margin.

Compounded Daily SOFR means the rate of return of a daily compound interest investment (with the Secured Overnight Financing Rate 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 as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left(\frac{SOFRIndex_{End}}{SOFRIndex_{Start}} - 1^{x}\right) \frac{360}{d_c}$$

where:

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

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

SOFR Index, with respect to any U.S. Government Securities Business Day, means the SOFR index value as published by the SOFR Administrator as such index appears on the Federal Reserve's website at or around 3.00 p.m. (New York time) on such U.S. Government Securities Business Day (the **SOFR Determination Time**);

SOFR $\boldsymbol{Index_{Start}}$, with respect to an Interest Period, means the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding the first day of such Interest Period; and

SOFR $\boldsymbol{Index_{End}}$, with respect to an Interest Period, means the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding (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).

If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the Federal Reserve's website by the SOFR Administrator, the Compounded Daily SOFR for the applicable Interest Period for which the relevant SOFR Index is not available shall be "Compounded Daily SOFR" determined as set out under the section entitled "*Compounded Daily SOFR (Non-Index Determination)*" above 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 "Shift" and (ii) the "Observation Look-Back Period" shall

be deemed to be equal to the Relevant Number of US Government Securities Business Days, as if such alternative elections had been made in the applicable Final Terms.

Average SOFR

Where **Screen Rate Determination** and **Overnight Rate** are specified as "Applicable", the Reference Rate is specified as being "Average SOFR", and **Index Determination** is specified as "Not Applicable" 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 Average SOFR 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).

Average SOFR, in relation to any Interest Period, means the arithmetic mean of $SOFR_i$ in effect during such Interest Period and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\frac{\sum_{i=1}^{d_o} SOFR_{i-pUSBD} \times n_i}{d}\right] \times \frac{360}{d}$$

where **d**, $\mathbf{d_0}$, **i**, $\mathbf{n_i}$, **p** and $\mathbf{SOFR_{i\text{-}pUSBD}}$ have the meanings set out under the section entitled "*Compounded Daily SOFR (Non-Index Determination)*" above.

BBSW Rate

Where "BBSW 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 the BBSW Rate (as defined below) plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Australian Calculation Agent or other party responsible for the calculation of the Rate of Interest as specified in the applicable Final Terms.

Each Covered Bondholder shall be deemed to acknowledge, accept and agree to be bound by, and consents to, the determination of, substitution for and any adjustments made to the BBSW Rate as described in this Condition 4.2 and/or Clause 21.14 of the Trust Deed (in all cases without the need for any Covered Bondholder consent). Any determination, decision or election (including a decision to take or refrain from taking any action or as to the occurrence or non-occurrence of any event or circumstance), and any substitution for and adjustments made to the BBSW Rate in accordance with this Condition 4.2 and/or Clause 21.14 of the Trust Deed, will, in the absence of manifest or proven error, be conclusive and binding on the Issuer, the Covered Bondholder and each Agent and, notwithstanding anything to the contrary in these Conditions or other documentation relating to the Covered Bonds, shall become effective without the consent of any person.

If the Australian Calculation Agent is unwilling or unable to determine a necessary rate, adjustment, quantum, formula, methodology or other variable in order to calculate the applicable Rate of Interest, such rate, adjustment, quantum, formula, methodology or other variable will be determined by the Issuer (acting in good faith and in a commercially reasonable manner) or, an alternate financial institution (acting in good faith and in a commercially reasonable manner) appointed by the Issuer (in its sole discretion) to so determine.

All rates determined pursuant to this Condition 4.2 and/or Clause 21.14 of the Trust Deed shall be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001%).

For the purposes of this Condition 4.2:

BBSW Rate means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the "AVG MID" on the 'Refinitiv Screen ASX29 Page' or the 'Bloomberg Screen BBSW Page' (or any designation which replaces that designation on the applicable page, or any replacement page) at the Publication Time on the first Business Day of that Interest Period.

Business Day means any day on which commercial banks are open for general business in Sydney.

€STR

Compounded Daily €STR (Non-Index Determination)

Where **Screen Rate Determination** and **Overnight Rate** are specified as "Applicable", the Reference Rate is specified as being "Compounded Daily €STR", and **Index Determination** is specified as "Not Applicable" 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 €STR 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 €STR means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Euro Short-Term Rate 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) 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:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{\text{€STR}_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where:

> ***€STR reference rate***, in respect of any TARGET Business Day (**TBDx**), means a reference rate equal to the daily Euro Short-Term Rate (**€STR**) rate for such TBDx as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the TARGET Business Day immediately following TBDx (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);
>
> ***€STR$_i$*** means:
>
> (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, (save as specified in the applicable Final Terms) in respect of any TARGET Business Day *i* falling in the relevant Interest Period, the €STR reference rate for the TARGET Business Day falling *p* TARGET Business Days prior to such day;

(b) where in the applicable Final Terms "Lock-out" is specified as the Observation Method, (save as specified in the applicable Final Terms) during each relevant Interest Period, the €STR reference rate determined for each TARGET Business Day *i* falling in the relevant Interest Period, except that in respect of each TARGET Business Day *i* falling on or after the "Lock-out date" specified in the applicable Final Terms (or, where no "Lock-out date" is specified, five TARGET Business Days prior to each relevant Interest Payment Date) until the end of each relevant Interest Period, the €STR reference rate determined in accordance with paragraph (a) above in respect of such "Lock-out date"; or

(c) where in the applicable Final Terms "Shift" is specified as the Observation Method, (save as specified in the applicable Final Terms) in respect of any TARGET Business Day *i* falling in the relevant €STR Observation Period, the €STR reference rate for such day;

€STR Observation Period means the period from and including the date falling *p* TARGET Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling *p* TARGET Business Days prior to the Interest Payment Date for such Interest Period (or the date falling *p* TARGET Business Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

d means the number of calendar days in (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the relevant €STR Observation Period;

d_o means (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) for any Interest Period, the number of TARGET Business Days in the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) for any €STR Observation Period, the number of TARGET Business Days in the relevant €STR Observation Period;

i means a series of whole numbers from 1 to d_0, each representing the relevant TARGET Business Day in chronological order from, and including, the first TARGET Business Day (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) in the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the €STR Observation Period;

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

p means (save as specified in the applicable Final Terms) the number of TARGET Business Days included in the **Observation Look-Back Period** specified in the applicable Final Terms; and

TARGET Business Day means any day on which the T2 system is open.

If, in respect of any TARGET Business Day in the relevant €STR Observation Period, or the relevant Interest Period (as the case may be), the €STR reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such €STR reference rate shall be the €STR reference rate for the first preceding TARGET Business Day in respect of which an €STR reference rate was published by the European Central Bank on its website, 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).

Notwithstanding the paragraph above, in the event the European Central Bank publishes guidance as to (i) how the €STR rate is to be determined or (ii) any rate that is to replace the €STR 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 €STRi for the purpose of the Covered Bonds for so long as the €STR rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be determined (i) as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Floating Rate Covered Bonds on the Interest Commencement Date had the Floating Rate Covered Bonds been issued one calendar month prior to the Issue Date.

If the Floating Rate Covered Bonds become due and payable in accordance with Condition 9 (Events of Default and Enforcement), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which the Floating Rate Covered Bonds became due and payable and the Rate of Interest on the Floating Rate Covered Bonds shall, for so long as any Floating Rate Covered Bonds remain outstanding, be that determined on such date.

Other Reference Rates

Where Screen Rate Determination is specified as "Applicable" in the applicable Final Terms and **Term Rate** is specified as "Applicable" or the Reference Rate is specified as being a rate other than SONIA, SOFR or €STR in the applicable Final Terms, the following provisions shall apply the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. London time (or such other time as specified in the applicable Final Terms) on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of paragraph (A) above, no offered quotation appears or if, in the case of paragraph (B) above, fewer than three offered quotations appear, in each case as at 11.00 a.m. London time (or such other time as specified in the applicable Final Terms), the Issuer or an agent appointed by it shall request each of the Reference Banks to provide it with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. London time (or such other time as specified in the applicable Final Terms) on the Interest Determination Date in question and the Issuer or an agent appointed by it shall notify the Principal Paying Agent of all quotations received by it. If two or more of the Reference Banks provide the Issuer or an agent appointed by it with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the eighth decimal place, with 0.000000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Issuer or an agent appointed by it with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issuer or an agent appointed by it by the Reference Banks

or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. London time (or such other time as specified in the applicable Final Terms) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in (in the case of EURIBOR) the Euro-zone inter-bank market (or such other place as specified in the applicable Final Terms) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer or an agent appointed by it with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. London time (or such other time as specified in the applicable Final Terms) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Issuer or an agent appointed by it it is quoting to leading banks in (in the case of EURIBOR) the Euro-zone inter-bank market (or such other time as specified in the applicable Final Terms plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(c) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Covered Bonds (other than A$ Registered Covered Bonds) or the Australian Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered 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.

The Principal Paying Agent in the case of Floating Rate Covered Bonds (other than A$ Registered Covered Bonds) or the Australian Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds will calculate the amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination (each an **Interest Amount**) for the relevant Interest Period. Each Interest Amount shall be calculated by multiplying the Rate of Interest by the Specified Denomination and multiplying such product 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.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period (whether or not constituting an Interest Period or an Interest Accrual Period) (the **Calculation Period**):

(i) if "Actual/365" or "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Calculation 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 Calculation Period is the 31st day of a month but the first day of the Calculation 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 Calculation 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)); and

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Calculation 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 Calculation Period unless, in the case of the final Calculation 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).

(d) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent (in the case of Floating Rate Covered Bonds other than A$ Registered Covered Bonds) or the Australian Calculation Agent (in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds) 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 Issuer, 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 4.2(a)) thereafter. 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).

(e) *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 4.2 (Interest on Floating Rate Covered Bonds), whether by the Principal Paying Agent, the Australian Calculation 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 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 or the Couponholders shall attach to the Principal Paying Agent, the Australian Calculation 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.

4.3 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 (where presentation is so required), payment of principal is improperly withheld or refused in which event, interest will continue to accrue as provided in the Trust Deed or the Australian Deed Poll (as applicable).

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) 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 (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) 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.

In the case of Bearer Covered Bonds, payments in US Dollars will be made by transfer to a US Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 5 (Payments), means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank. In no event will payment in respect of Bearer Covered Bonds be made by a cheque mailed to an address in the United States. All payments of interest in respect of Bearer Covered Bonds will be made to accounts located outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. References to Specified Currency will include any successor currency under applicable law. Any such amounts withheld or deducted will be treated as paid for all purposes under the Covered Bonds, and no additional amounts will be paid on the Covered Bonds with respect to any such withholding or deduction.

5.2 Presentation of Bearer Definitive Covered Bonds and Coupons

Payments of principal and interest (if any) will (subject as provided below) be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) 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)).

Fixed Rate Covered Bonds in definitive bearer form (other than any 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 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 or Long Maturity 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.

5.3 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 at the specified office of any Paying Agent outside the United States and its possessions. On the occasion, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

5.4 Payments in respect of Registered Covered Bonds

Payments of principal 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 (a) a holder does not have a **Designated Account** or (b) the principal amount of the Covered Bonds held by a holder is less than US$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 (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Covered Bond will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth business day (business day being for the purposes of this Condition 5.4 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 (the **Record Date**) to the holder (or the first names of joint holders) 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) 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 will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

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 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 US 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 US 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.

5.5 Payments in respect of A$ Registered Covered Bonds

Payments of principal and interest in respect of the A$ Registered Covered Bonds will be made in Australian dollars to the person shown on the A$ Register on the A$ Record Date.

Payment of principal and interest shall be made:

(a) if the A$ Registered Covered Bond is lodged in the Austraclear System, by crediting on the relevant due date the amount then due on that A$ Registered Covered Bond to the account (held with a bank in Australia) of Austraclear in accordance with the Austraclear Regulations; and

(b) if the A$ Registered Covered Bond is not lodged in the Austraclear System, by crediting on the relevant due date the amount then due to the relevant holder of the A$ Registered Covered Bond to an account in Australia previously notified by the holder of that A$ Registered Covered Bond to the Issuer and the Australian Paying Agent. If the A$ Registered Covered Bond has not notified the Issuer and the Australian Paying Agent of such an account by the A$ Record Date, payments in respect of the relevant A$ Registered Covered Bond will be made by cheque (drawn on a bank in Australia), mailed on the Business Day immediately preceding the relevant due date, at the risk of the holder of the A$ Registered Covered Bond, to the registered owner (or to the first named of joint registered owners) of such A$ Registered Covered Bond at the address appearing in the A$ Register as at the close of business on the A$ Record Date provided, however, that in no event will such cheque be mailed to an address in the United States. Cheques to be despatched to the nominated address of a holder of A$ Registered Covered Bonds will in such cases be deemed to have been received by the holder of the A$ Registered Covered Bonds on the relevant due date and no further amount will be payable by the Issuer or the LLP in respect of the relevant A$ Registered Covered Bond as a result of payment not being received by the holder of the A$ Registered Covered Bond on the due date.

None of the Issuer, the LLP or the Bond Trustee 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 A$ Registered Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.6 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, payments of principal and/or interest in US 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 US Dollars at such specified offices outside the United States of the full amount of interest on the Bearer Global 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 US 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.

5.7 Payment Day

If the date for payment of any amount in respect of any Covered Bond 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 (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:

(i) the relevant place of presentation;

(ii) London and, in the case of Covered Bonds that are A$ Registered Covered Bonds, Sydney; and

(iii) any Additional Financial Centre specified in the applicable Final Terms;

(ii) either (i) 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 (ii) in relation to any sum payable in euro, a day on which T2 is open; and

(iii) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than US 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 US dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

5.8 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 therefore, pursuant to the Trust Deed or the Australian Deed Poll (as applicable);

(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 Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 6.6 (Early Redemption Amounts));

(vi) 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 or the Australian Deed Poll (as applicable).

5.9 Redenomination

(a) *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable in respect of Covered Bonds (other than A$ Registered Covered Bonds), the Issuer may, without the consent of the Covered Bondholders and the Couponholders, on giving prior written notice to the Bond Trustee, the Security Trustee, the relevant Agents (in the case of Registered Covered Bonds), the Registrar, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 13 (Notices), elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds shall be redenominated in euro. In relation to any Covered Bonds where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least €100,000 and which are admitted to trading on a regulated market in the European Economic Area or the UK, it shall be a term of any such article that the holder of any Covered Bonds held through Euroclear and/or Clearstream, Luxembourg and/or DTC must have credited to its securities account with the relevant clearing system a minimum balance of Covered Bonds of at least €100,000.

The election will have effect as follows:

(i). the Covered Bonds shall be deemed to be redenominated in euro in the denomination of €0.01 with a nominal amount for each Covered Bond equal to the nominal amount of that Covered Bond in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, in consultation with the Agents and the Bond Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Covered Bondholders, the competent listing authority, stock exchange, and/or market (if any) on or by which the Covered Bonds may be listed and/or admitted to trading and the Paying Agents of such deemed amendments;

(ii). save to the extent that an Exchange Notice has been given in accordance with Condition 5.9(a)(iv), the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate nominal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;

(iii). if definitive Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of €100,000 and/or such higher amounts as the Agents may determine and notify to the Covered Bondholders and any remaining amounts less than €100,000 shall be redeemed by the Issuer and paid to the Covered Bondholders in euro in accordance with Condition 5 (Payments);

(iv). if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in the Specified Currency in such manner as the Agents may specify and as shall be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;

(v). after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Covered Bonds to the Specified Currency were to euro. Payments will be made in euro 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;

(vi). if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will 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;

(vii). if the Covered Bonds are Floating Rate Covered Bonds, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(viii). such other changes shall be made to this Condition (and the Transaction Documents) as the Issuer may decide, after consultation with the Agents and the Bond Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

(b) *Definitions*

In these Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty.

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

Rate of Interest means the rate of interest payable from time to time in respect of Floating Rate Covered Bonds, which will be determined in the manner specified in the applicable Final Terms.

Redenomination Date means (in the case of interest bearing Covered Bonds) any date for payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case specified by the Issuer in the notice given to the Covered Bondholders pursuant to Condition 5.9 (Redenomination) and which falls on or after the date on which the country of the relevant Specified Currency first participates in the third stage of European economic and monetary union.

Treaty means the Treaty establishing the European Community, as amended.

6. REDEMPTION AND PURCHASE

6.1 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 an Extended Due for Payment Date is specified as applicable in the applicable Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the applicable Final Terms (or after expiry of the grace period set out in Condition 9.1(i)) and following the service of a Notice to Pay on the LLP by no later than the date falling one Business Day prior to the Extension Determination Date the LLP has insufficient moneys available to apply under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the earlier of (a) the date that 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 9.2(i)) under the terms of the Covered Bond Guarantee or (b) the Extension Determination Date, then (subject as provided below) 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 and remaining unpaid on the earlier of paragraphs (a) and (b) above may 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 Relevant Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Registrar (in the case of Registered Covered Bonds) and the A$ Registrar and Australian Paying Agent (in the case of A$ Registered Covered Bonds) as soon as reasonably practicable and in any event at least one Business Day prior

to the dates specified in paragraphs (a) and (b) of the preceding paragraph 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. Any failure by the LLP to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

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 9.2(i)) and (b) the Extension Determination Date, under the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *pro rata* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and shall pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the LLP to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the LLP shall not constitute an LLP Event of Default.

Any discharge of the obligations of the Issuer as the result of the payment of Excess Proceeds to the Bond Trustee shall be disregarded for the purposes of determining the amounts to be paid by the LLP under the Covered Bond Guarantee in connection with this Condition 6.1 (Final redemption).

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 Account (to the extent maintained, or otherwise any GIC Account) to be paid on each LLP Payment Date in accordance with the Trust Deed.

Rating Agency means any one of Moody's Investors Service Limited, Fitch Ratings Ltd. and/or S&P Global Rating Services (together, the **Rating Agencies**) or their successors.

6.2 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 days' 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:

(i) 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); or

(ii) the Issuer will be required to account to any taxing authority in the United Kingdom for any amount (other than any tax withheld or deducted from interest payable on the Covered Bonds) calculated by reference to any amount payable in respect of the Covered Bonds or Coupons,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Covered Bonds redeemed pursuant to this Condition 6.2 (Redemption for taxation reasons) will be redeemed at their Early Redemption Amount referred to in Condition 6.6 (Early Redemption Amounts) (together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If an Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 30 days' 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 or the Australian Paying Agent and the Australian Registrar (in the case of the redemption of A$ Registered Covered Bonds) and, in accordance with Condition 13 (Notices), the holders of the Covered Bonds (which notice shall be irrevocable and shall specify the date fixed for redemption) 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 a nominal amount not less than the Minimum Redemption Amount or a Higher Redemption Amount each as specified in the applicable Final Terms. 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 either as 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 and, in the case of Redeemed Covered Bonds which are A$ Registered Covered Bonds, the A$ Registered Covered Bonds to be redeemed will be determined in such manner as may be fair and reasonable in the circumstances taking account of prevailing market practices, subject to compliance with any applicable laws, stock exchange or other relevant authority requirements, 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 6.3 (Redemption at the option of the Issuer (Issuer Call)) 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.

6.4 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 days' nor more than 60 days' notice to the Bond Trustee, the Principal Paying Agent, the Registrar and in respect of A$ Registered Covered Bonds, the Australian Paying Agent and the Australian Registrar and, in each case, 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 6.4 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 (Early Redemption Amounts) (together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.5 Redemption of A$ Registered Covered Bonds upon a Relevant Event

If a Relevant Event has occurred and is continuing, the Issuer must, on giving not less than 30 days' nor more than 60 days' notice to the Bond Trustee, the Australian Paying Agent and the Australian Registrar and, in accordance with Condition 13 (Notices), all holders of any Series of A$ Registered Covered Bonds (which notice shall be irrevocable), redeem in whole, but not in part, the A$ Registered Covered Bonds.

A$ Registered Covered Bonds redeemed pursuant to this Condition 6.5 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 (Early Redemption Amounts) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

For the purpose of this Condition 6.5, a **Relevant Event** occurs where:

(i) there has been a change in applicable laws or regulations or any change in the application or interpretation of such laws or regulations, which in the opinion of the Bond Trustee following consultation with the Issuer is likely to make it unlawful for the Bond Trustee or its delegate to comply with, perform and/or observe any of its obligations under the Transaction Documents in respect of any outstanding Series of A$ Registered Covered Bonds; and/or

(ii) as a result in any change in any arrangements with any person or entity to whom any trust, power, authority or discretion has been delegated by the Bond Trustee in relation to the A$ Registered Covered Bonds that in the opinion of the Bond Trustee following consultation with the Issuer is likely to make it unlawful for the Bond Trustee or its delegate to comply with, perform and/or observe any of its obligations under the Transaction Documents in respect of any outstanding Series of A$ Registered Covered Bonds,

in each case the Bond Trustee shall deliver to the Issuer an opinion of Australian counsel (obtained at the cost of the Issuer) setting out the relevant change under paragraph (i) and/or (ii) above and that such change is likely to make it unlawful for the Bond Trustee or its delegate to comply with, perform and/or observe any of its obligations under the Transaction Documents in respect of any outstanding Series of A$ Registered Covered Bond prior to the issuance of any redemption notice to holders of any Series of A$ Registered Covered Bonds pursuant to this Condition 6.5 being given to any holders of any Series of A$ Registered Covered Bonds.

6.6 Early Redemption Amounts

For the purpose of Conditions 6.2 (Redemption for taxation reasons) and 6.9 (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; or

(ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond) at the amount specified in the applicable Final Terms or, if no such amount or manner 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,

or such other amount as is provided in the applicable Final Terms.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (a) 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 (b) 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) or (c) on such other calculation basis as may be specified in the applicable Final Terms.

6.7 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, 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).

6.8 Cancellation

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled (other than any A$ Registered Covered Bonds) and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6.7 (Purchases) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent. All Covered Bonds so cancelled cannot be held, reissued or resold.

6.9 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 6.1 (Final redemption), 6.2 (Redemption for taxation reasons) or 6.3 (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 6.6(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 that 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.

6.10 Certification on redemption under Conditions 6.2 and 6.4

Prior to the publication of any notice of redemption pursuant to Conditions 6.2 (Redemption for taxation reasons) and 6.4 (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 and Construction Agreement) 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 and Couponholders.

7. TAXATION

All payments of principal and interest (if any) in respect of the Covered Bonds 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 such 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 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 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 or Coupon:

(i) presented for payment in the United Kingdom; or

(ii) presented for payment by or on behalf of a holder who 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

(iii) the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such Covered Bonds 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 or Coupons; or

(iv) 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 such 30th day assuming that day to have been a Payment Day (as defined in Condition 5.7 (Payment Day)); or

(v) where the holder is able to avoid such withholding or deduction by presenting an appropriate certificate; or

(vi) pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

Relevant Date means the date on which such payment in respect of the Covered Bond 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, or in relation to the A$ Registered Covered Bonds, the Australian 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 political sub-division thereof or by any authority therein or thereof having power to tax, the LLP will not be obliged to pay any additional amounts as a consequence.

8. PRESCRIPTION

The Covered Bonds other than A$ Registered Covered Bonds (whether in bearer or registered form) and Coupons will become void unless presented for payment within 12 years (in the case of principal) and six years (in the case of interest) in each case from the Relevant Date (as defined in Condition 7 (Taxation)) therefore, 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).

Claims against the Issuer for payment in respect of the A$ Registered Covered Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 (Taxation)) in respect of them, subject in each case to the provisions of Condition 5 (Payments).

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Issuer Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25% 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 9.1 means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Trust Deed or, in relation to A$ Registered Covered Bonds, the Australian Deed Poll) 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 Covered Bond Swap Rate (as defined in the Master Definitions and Construction Agreement)) or if so directed by an Extraordinary Resolution of all the holders of the Covered Bonds shall, (but in the case of the happening of any of the events mentioned in Conditions 9.1(ii) to (viii), 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) (subject in each case to being indemnified and/or secured to its satisfaction), give notice (an **Issuer Acceleration Notice**) in writing to the Issuer and the Issuer shall notify the FCA, pursuant to the RCB Regulations, that as against the Issuer (but not, for the avoidance of doubt, against the LLP under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Issuer Event of Default**) shall occur and be continuing:

(i) the Issuer fails to pay any principal or interest in respect of the Covered Bonds within seven days of the due date; or

(ii) if the Issuer fails to perform or observe any obligations under the Covered Bonds 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) but excluding (i) any obligation of the Issuer to comply with the Asset Coverage Test or any representation or warranty given by the Issuer in respect of the Asset Coverage Test or (ii) any obligation of the Issuer which relates solely to its obligations under the RCB Regulations and/or the RCB Sourcebook and breach of which would not otherwise constitute a breach of the other terms of the Transaction Documents, and such failure continues for the period of 30 days (or such longer period as the Bond Trustee may permit) next following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied (except in circumstances where the Bond Trustee considers such failure to be incapable of remedy in which case no period of continuation will apply and no notice by the Bond Trustee will be required); or

(iii) the Issuer or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of a liquidator or receiver or administrator or similar officer of itself or the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors or stops or threatens to cease to carry on its business or any substantial part of its business except in any case in connection with a substitution pursuant to Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution) or for the purpose of a reconstruction, union, transfer (of engagements or of business), merger, amalgamation or reorganisation the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution, or in the case of a Principal Subsidiary in connection with the transfer of all or the major part of its business, undertaking and assets to the Issuer or another wholly-owned Subsidiary of the Issuer; or

(iv) if the Issuer ceases to carry on its business or substantially the whole of its business (except in any case in connection with a substitution pursuant to Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution), or for the purpose of or in connection with a reconstruction, union, transfer (of engagements or business), reorganisation, merger, or amalgamation the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution); or

(v) (A) any other present or future indebtedness in respect of moneys borrowed or raised in an amount of £40 million or more (or its equivalent in any other currency) of the Issuer or any Principal Subsidiary becomes due and payable prior to its stated maturity pursuant to a default; or

(B) any such indebtedness is not paid when due or (as the case may be) within any applicable grace period therefor; or

(C) the Issuer or any Principal Subsidiary fails to pay when due or (as the case may be) within any applicable grace period therefore any amount payable by it under any present or future guarantee in an amount of £40 million or more (or its equivalent in any other currency) (other than any guarantee given in the ordinary course of its business) for any indebtedness in respect of moneys borrowed or raised; or

(D) any mortgage, charge, pledge, lien or other encumbrance present or future securing an amount of £40 million or more (or its equivalent in any other currency) and created or assumed by the Issuer or any Principal Subsidiary becomes enforceable and the holder thereof takes any steps to enforce the same; or

(vi) a distress or execution or other similar legal process in respect of a claim for £20 million or more is levied or enforced or sued out, upon or against any part of the property, assets or revenues of the Issuer

or any Principal Subsidiary and is not discharged or stayed within 30 days of having been so levied, enforced or sued out; or

(vii) an order is made, an effective resolution is passed or the necessary consent of the Issuer's members is given for the winding-up or dissolution of the Issuer or any Principal Subsidiary or the authorisation or registration of the Issuer is or is proposed to be cancelled, suspended or revoked or anything analogous or similar to any of the foregoing occurs (except in any case for the purposes of a reconstruction, union, transfer (of engagements or business), merger, amalgamation or reorganisation the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution or in the case of a voluntary solvent winding-up of a wholly-owned Principal Subsidiary in connection with the transfer of all or the major part of its business, undertaking and assets to the Issuer or another wholly-owned Subsidiary of the Issuer or in connection with a substitution pursuant to Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution)); or

(viii) if an Asset Coverage Test Breach Notice has been served and not revoked (in accordance with the terms of the Transaction Documents) on or before the third Calculation Date after service of such Asset Coverage Test Breach Notice.

Principal Subsidiary means a Subsidiary of the Issuer whose total assets (attributable to the Issuer) represent 10% or more of the consolidated total assets of the Issuer and its Subsidiaries (all as more particularly described in the Trust Deed). A certificate signed by two Authorised Signatories (as defined in the Master Definitions and Construction Agreement) of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Bond Trustee without further enquiry or evidence and, if so relied upon shall, in the absence of manifest or proven error, be conclusive and binding on all parties.

Upon the Covered Bonds becoming immediately due and repayable against the Issuer pursuant to this Condition 9.1 (Issuer Events of Default), 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 9.3 (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 a 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 any 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 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.

9.2 LLP Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25% 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 9.2 means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Trust Deed or, in relation to A$ Registered Covered Bonds, the Australian Deed Poll) 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 Covered Bond 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 happening of any of the events described in Conditions 9.1(ii) to (vii), 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, 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 6.1 (Final redemption) where the LLP shall be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein; or

(ii) if 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, except where such default is or the effects of such default are, in the opinion of the Bond Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Bond Trustee may permit) after written notice thereof has been given by the Bond Trustee to the LLP requiring the same to be remedied; or

(iii) an order is made or an effective resolution passed for the liquidation or winding-up of the LLP; or

(iv) if the LLP ceases or threatens to cease to carry on its business or substantially the whole of its business; or

(v) the LLP shall stop payment or shall be unable, or shall admit inability, to pay its debts generally as they fall due or shall be adjudicated or found bankrupt or insolvent; or

(vi) proceedings are initiated against the LLP under any applicable liquidation, winding-up, insolvency, bankruptcy, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition or the filing of documents with a court or any registrar for its winding-up, administration or dissolution or the giving of notice of the intention to appoint an administrator (whether out of court or otherwise)); or a receiver and/or manager, administrative receiver, administrator, trustee or other similar official shall be appointed (whether out of court or otherwise) in relation to the LLP or in relation to the whole or any part of its assets, or a distress, diligence or execution or other process shall be levied or enforced upon or sued out against the whole or any part of its assets, or if the LLP shall initiate or consent to judicial proceedings relating to itself under any applicable liquidation, winding-up, insolvency, bankruptcy, composition, reorganisation or other similar laws or shall make a

conveyance, assignment or assignation for the benefit of, or shall enter into any composition with, its creditors generally; or

(vii) a failure to satisfy the Amortisation Test (as set out in the LLP Deed) on any 12th day of each month (or, if that is not a Business Day, then the immediately preceding Business Day) (the **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 9.3 (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.

9.3 Enforcement

The Bond Trustee may at any time, at its discretion and without further notice, 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 Australian Deed Poll, the Covered Bonds and the Coupons, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Australian Deed Poll, the Covered Bonds or the Coupons or any other Transaction Document unless (a) 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% of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together and converted into Sterling at the relevant Covered Bond Swap Rate as aforesaid) and (b) 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: (a) 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% of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together converted into Sterling at the relevant Covered Bond Swap Rate as aforesaid); and (b) 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 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 Australian Deed Poll, the Covered Bonds, 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, COUPONS AND TALONS

Should any Covered Bond (other than any A$ Registered Covered Bond), 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 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 (other than any A$ Registered Covered Bond), 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, the initial Australian Registrar, the initial Australian Paying 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:

(i) there will at all times be a Principal Paying Agent and a Registrar and, so long as any A$ Registered Covered Bonds are outstanding, an Australian Registrar and Australian Paying Agent and, if so required by any Final Terms of any such A$ Registered Covered Bonds, an Australian Calculation Agent;

(ii) 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 a jurisdiction within Europe, other than the United Kingdom;

(iii) 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

(iv) so long as any of the Registered Global Bonds payable in a Specified Currency other than US 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, or if no Exchange Agent has a specified office in New York City in such circumstances, the Issuer shall appoint an Exchange Agent having a specified office in New York City, and 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 addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in Australia in the circumstances described in Condition 5.5 (Payments in respect of A$ Registered Covered Bonds) 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, of the Bond Trustee and do not assume any obligation to, or relationship of agency or trust with, any holders of the Covered Bonds 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

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 that 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 including publication on the website of the relevant stock exchange or relevant authority if required by those rules. 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.

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.

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) 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.

All notices regarding the A$ Registered Covered Bonds will be published in a daily newspaper of general circulation which may include the *Australian Financial Review* or *The Australian*. Any such notice will be deemed to have been validly given on the date of such publication. In addition, all notices regarding the A$ Registered Covered Bonds will be deemed to be validly given if sent by pre-paid post or (if posted to an address overseas) by airmail to, or left at the address of, the holders (or the first named of joint holders) at their respective addresses recorded in the A$ Register and will be deemed to have been given on the seventh day after mailing. For so long as the A$ Registered Covered Bond are lodged in the Austraclear System, a copy of any notice given in accordance with this paragraph must also be given to Austraclear.

For so long as the A$ Registered Covered Bonds are lodged in the Austraclear System there may be substituted for the preceding paragraph, mailing the delivery of the relevant notice to Austraclear for communication by it to the holders of beneficial interests in the A$ Registered Covered Bonds. Any such notice will be deemed to

have been validly given to the holders of beneficial interests in the A$ Registered Covered Bonds on the day on which the said notice was given to Austraclear.

In addition, for so long as the A$ Registered Covered Bonds are admitted to trading on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, any notice or notices given in accordance with the preceding paragraphs in respect of the A$ Registered Covered Bonds will be published in a daily newspaper of general circulation in the place or places required by those rules.

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, including by use a video conference platform) of the holders of the Covered Bonds to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions, the N Covered Bond Conditions applicable to a particular Series of Covered Bonds or the provisions of the Trust Deed or any of the Transaction Documents. 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 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 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 Covered Bond Swap Rate.

The Bond Trustee, the Security Trustee, the LLP and the Issuer may also agree (or, in the case of the Bond Trustee and the Security Trustee where such modification arises in respect of the matters set out in Condition 14(iii), shall agree (subject as provided in the Trust Deed and the Deed of Charge)), without the consent of the holders of the Covered Bonds or Couponholders of any Series and without the consent of the other

Secured Creditors (save for certain amendments, where the consent of any Secured Creditor party to the relevant Transaction Document to be amended shall be required) (and for this purpose the Bond Trustee and the Security Trustee may disregard whether any such modification relates to a Series Reserved Matter), to:

(i) any modification of the Covered Bonds of one or more Series, the related Coupons or any Transaction Document provided that (i) in the opinion of the Bond Trustee such modification is not materially prejudicial to the interests of any of the holders of the Covered Bonds of any Series, and (ii) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the holders of the Covered Bonds of any Series; or

(ii) any modification of the Covered Bonds of any one or more Series, the related Coupons or any Transaction Document that is of a formal, minor or technical nature or is in the opinion of the Bond Trustee and Security Trustee made to correct a manifest error or an error established as such to the satisfaction of the Bond Trustee and the Security Trustee or to comply with mandatory provisions of law; or

(iii) any accession, waiver or modification pursuant to Clause 21.5, 21.6, 21.7, 21.8, 21.9, 21.10, 21.11, 21.12, 21.13, 21.14, 21.15, or 21.16 of the Trust Deed subject as provided further pursuant to the terms of the Trust Deed and the Deed of Charge.

The Bond Trustee may also agree, without the consent of the holders of the Covered Bonds of any Series and the 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, the related 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.

(i). In respect of any modification, waiver, authorisation or determination that is proposed on or after the date on which the Issuer is admitted to the register of issuers pursuant to Regulation 14 of the RCB Regulations, prior to the Bond Trustee or the Security Trustee agreeing to any such modification, waiver, authorisation or determination pursuant to this Condition 14 or as directed by the Covered Bondholders, the Issuer must send written confirmation to the Bond Trustee and the Security Trustee that such modification, waiver, authorisation or determination, as applicable, would not result in a breach of the RCB Regulations or the RCB Sourcebook or result in the Issuer and/or the Programme ceasing to be registered under the RCB Regulations and that either such modification, waiver, authorisation or determination would not require notification in accordance with Regulation 20 of the RCB Regulations.

(ii). If such modification, waiver, authorisation or determination would require notification in accordance with Regulation 20 of the RCB Regulations, the Issuer has provided all information required to be provided to the FCA and the FCA has given its consent to such proposed modification, waiver, authorisation or determination.

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, the related 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 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 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 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 and/or Couponholders, except to the extent already provided for in Condition 7 (Taxation) of these Conditions or Condition 7 (Taxation) of any set of N Covered Bond Conditions and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 (Taxation) of these Conditions or Condition 7 (Taxation) of any set of N Covered Bond Conditions pursuant to the Trust Deed.

Substitution

(i) 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 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, not being in any such case a building society formed by the amalgamation of the Issuer and one or more other building societies pursuant to Section 93 of the Building Societies Act or a building society to which the Issuer has transferred all of its engagements pursuant to Section 94 of the Building Societies Act or the successor in accordance with Section 97 of the Building Societies Act or a subsidiary of a mutual society to which the Issuer has transferred the whole of its business pursuant to Section 97 of the Building Societies Act (as modified by the Mutual Transfers Order or any other order made in the future by HM Treasury under section 3 of the Butterfill Act), in place of the Issuer as principal debtor under the Covered Bonds and the Trust Deed (and, in the case of A$ Registered Covered Bonds, the Australian Deed Poll), provided (in case of the substitution of any company which is a Subsidiary of the Issuer or such Successor in Business) that the obligations of such Subsidiary in respect of the Covered Bonds and the Trust Deed and, in the case of the A$ Registered Covered Bonds, the Australian Deed Poll in respect thereof shall be guaranteed by the Issuer or such Successor in Business in such form as the Bond Trustee may require.

(ii) The Issuer has covenanted with the Bond Trustee in the Trust Deed that it will not transfer its business to a successor in accordance with Section 97 of the Building Societies Act unless either (i) the Bond Trustee is satisfied that the successor will be or (as the case may be) will remain an authorised person under the FSMA 2000 (or any statutory modification or re-enactment thereof) and the Issuer has received Rating Agency Confirmation for such transfer or (ii) such transfer is approved by the Bond Trustee or by an Extraordinary Resolution of the holders of the Covered Bonds.

(iii) The Issuer has covenanted with the Bond Trustee in the Trust Deed that it will not enter into any arrangement for the transfer of its engagements to another building society pursuant to Section 94 of the Building Societies Act unless it transfers all its engagements to such society (and it has received Rating Agency Confirmation for such transfer) or such transfer has been approved by the Bond Trustee or by an Extraordinary Resolution of the holders of the Covered Bonds.

(iv) If the Issuer shall amalgamate with one or more other building societies pursuant to Section 93 of the Building Societies Act or transfer all of its engagements to another building society pursuant to Section 94 of the Building Societies Act or transfer the whole of its business to a successor in accordance with Section 97 of the Building Societies Act or transfer the whole of its business to a subsidiary of a mutual society pursuant to Section 97 of the Building Societies Act (as modified by the Mutual Transfers Order

or any other order made in the future by HM Treasury under section 3 of the Butterfill Act) the successor will, pursuant to such provisions and provided that the Issuer has received Rating Agency Confirmation for such amalgamation or transfer, automatically be substituted in place of the Issuer as principal debtor under the Trust Deed and, in the case of the A$ Registered Covered Bonds, the Australian Deed Poll without any prior approval thereof being required from the holders of the Covered Bonds, the Couponholders or the Bond Trustee (but without prejudice to the provisions of paragraphs (i), (ii) and (iii) above).

(v) The Issuer has covenanted with the Bond Trustee in the Trust Deed that it will not agree to the substitution of the Issuer unless any successor to the Issuer or the LLP, including any Successor in Business or the Subsidiary of the Issuer or of such Successor in Business, is included in the register of Issuers pursuant to the RCB Regulations and that all other provisions (including Regulation 20 of the RCB Regulations) of the RCB Regulations and the RCB Sourcebook are satisfied prior to the substitution of the Issuer.

(vi) Any substitution pursuant to this Condition 14 shall be binding on the holders of the Covered Bonds and the 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 that, 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 that, 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;

Successor in Business means:

(a) any building society (not being a building society that is established by the amalgamation of the Society under and in accordance with the terms of Section 93 of the Building Societies Act) that is validly and effectually, in accordance with all enactments, orders and regulations in force from time to time, registered as a successor society to the Issuer and to another building society or other building societies in order to effect the amalgamation of the Issuer with such other society or societies; or

(b) any building society (not being a building society which undertakes under and in accordance with the terms of Section 94 of the Building Societies Act to fulfil the engagements of the Issuer) that validly and effectually, in accordance with all enactments, orders and regulations in force from time to time, undertakes to fulfil the obligations of the Issuer as part of a transfer of engagements by the Issuer to such building society; or

(c) a company or other entity (not being a successor within the meaning of Section 97 of the Building Societies Act or a subsidiary of a mutual society to which the Issuer has transferred the whole of its business pursuant to Section 97 of the Building Societies Act as modified by the Mutual Transfers Order or any other order made in the future by the Treasury under section 3 of the Butterfill Act) to which the Issuer validly and effectually, in accordance with all enactments, orders and regulations in force for the time being and from time to time, as part of a transfer of the whole or substantially the whole of its business, undertaking or assets, transfers the whole or substantially the whole of its business, undertaking or assets for the purpose of such other company or entity assuming and conducting the business of the Issuer in its place and which company or other entity undertakes to fulfil the obligations of the Issuer under these presents; or

(d) any other entity (not being a successor within the meaning of Section 93 of the Building Societies Act, a society to which the engagements of the Issuer are transferred under Section 94 of the Building Societies Act or a successor within the meaning of Section 97 of the Building Societies Act or a subsidiary of a mutual society to which the Issuer has transferred the whole of its business pursuant to Section 97 of the Building Societies Act as modified by the Mutual Transfers Order or any other order made in the future by the Treasury under section 3 of the Butterfill Act) that in acquiring in any other manner all or a substantial part of the undertaking, property and/or assets of the Issuer or in carrying on as a successor to the Society the whole or a substantial part of the business carried on by the Issuer prior thereto undertakes to fulfil the obligations of the Issuer under these presents,

where, in each of the cases in paragraphs (a) to (d) above, Rating Agency Confirmation has been received in respect of the terms of the proposed transaction; and

Series Reserved Matter, in relation to Covered Bonds of a Series means: (a) a reduction or cancellation of the amount payable or, where applicable, a modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, a modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (b) an alteration of the currency in which payments under the Covered Bonds and Coupons are to be made; (c) an 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 the Covered Bonds of any Series); (e) except in accordance with Condition 6.4 (Redemption due to illegality), 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 (f) an 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% 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, (a) 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, (b) 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 or Couponholders or the other Secured Creditors and (c) 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 Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by 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: (a) 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; (b) 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; (c) 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 (d) monitoring whether 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 or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW

The Trust Deed, the Agency Agreement, the corporate services agreement entered into by the LLP, with, *inter alios*, Wilmington Trust SP Services (London) Limited and the LLP dated the Initial Programme Date (such corporate services agreement as modified and/or supplemented and/or restated from time to time, the **Corporate Services Agreement**), the Covered Bonds (other than any A$ Registered Covered Bonds), the Coupons and the other Transaction Documents (other than the Australian Deed Poll and each declaration of trust in relation to the sale of Scottish 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) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law unless specifically stated to the contrary. Each Scottish Declaration of Trust is 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. The Australian Deed Poll,

the A$ Registered Covered Bonds and these Conditions as they apply to the A$ Registered Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.

19. AGENT FOR SERVICE OF PROCESS

For so long as any of the A$ Registered Covered Bonds issued by it are outstanding, the Issuer will ensure that there is an agent appointed to accept service of process on its behalf in New South Wales, Australia.

The Issuer appoints Dabserv Corporate Services Pty Ltd (ABN 73 001 824 111) of Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney, New South Wales, 2000, Australia as its agent for service of process. If for any reason that person ceases to be able to act as such, the Issuer will immediately appoint another person with an office located in New South Wales to act as its agent to receive any such document and will promptly notify the Australian Registrar and the Covered Bondholders of such appointment.

PRINCIPAL PAYING AGENT, REGISTRAR, EXCHANGE AGENT AND TRANSFER AGENT

Citibank N.A., London Branch
Citigroup Centre
Canada Square, Canary Wharf
London, E14 5LB

and/or such other or further Principal Paying Agent or Paying Agent or Registrar or Exchange Agent or Transfer Agent and/or specified offices as may from time to time be duly appointed by the Issuer and the Guarantor and notice of which has been given to the Covered Bondholders.

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, if necessary) either (i) to acquire Loans and their Related Security or (ii) to invest the same in Substitution Assets up to the prescribed limit to the extent required to meet the requirements of Regulations 23 and 24(1)(a)(ii) of the RCB Regulations and the Asset Coverage Test and thereafter may be applied by the LLP:

- to acquire Loans and their Related Security or to invest the same in Substitution Assets up to the prescribed limit; and/or
- 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
- subject to complying with the Asset Coverage Test, to make a Capital Distribution to a Member; and/or
- 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).

EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING COVERED BONDHOLDERS

Subject to the withholding tax requirements set out under the section entitled "*United Kingdom Taxation*", there are currently no UK laws, decrees or regulations that would reduce the payment by the Issuer of interest or other payments to holders of Covered Bonds who are neither residents of, nor trading in, the United Kingdom. For further discussion, see the section entitled "*United Kingdom Taxation*". There are also no restrictions under the Issuer's memorandum and rules or under current UK laws that limit the right of non-resident or foreign owners to hold the Covered Bonds or to vote, when entitled to do so.

THE LLP

Introduction

The LLP was incorporated in England and Wales on 25 June 2005 as a limited liability partnership (registered number OC313878) with limited liability under the LLPA 2000 by Nationwide Building Society and the Liquidation Member as its Members. The principal place of business of the LLP is at Nationwide House, Pipers Way, Swindon SN38 1NW (telephone number: +44(0) 1793 656363). 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 Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement with a view to profit and to do all such things as are incidental or conducive to the carrying on of that business and to borrow money.

The LLP has not engaged since its incorporation and will not engage whilst the Covered Bonds or any Term Advance remains outstanding, in any material activities other than activities incidental to its incorporation under the LLPA 2000, activities contemplated under the Transaction Documents to which it is or will be a party, filing a notification under the Data Protection Act 1998 and other matters that are incidental or ancillary to the foregoing.

Members

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

Name	Principal Office
Nationwide Building Society	Nationwide House Pipers Way Swindon SN38 1NW United Kingdom
Liquidation Member	c/o Wilmington Trust SP Services (London) Limited Third Floor, 1 King's Arms Yard London EC2R 7AF

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.

Name	Business Address	Business Occupation
Daniel Jonathan Wynne	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director
Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	

The directors of Nationwide Building Society and their respective business addresses are set out under the section "*Management*" on pages 134 – 142 of the Registration Document.

No potential conflicts of interest exist between any duties to the LLP of the Directors of the Members, as described above, and their private interests or other duties in respect of their management roles.

Directors of the Corporate Director of the LLP (Wilmington Trust SP Services (London) Limited)

Name	Business Address	Business Occupation
Alex James Rowland Pashley	Third Floor, 1 King`s Arms Yard, London EC2R 7AF	Company Director
Daniel Jonathan Wynne	Third Floor, 1 King`s Arms Yard, London EC2R 7AF	Company Director
Susannah Louise Aliker	Third Floor, 1 King`s Arms Yard, London EC2R 7AF	Company Director

No potential conflicts of interest exist between any duties to the Corporate Director of the LLP of the Directors of the Corporate Director of the LLP, as described above, and their private interests or other duties in respect of their management roles.

The financial statements of the LLP for the years ended 4 April 2023 and 2022 have been audited by the LLP's auditors and have been prepared in accordance with generally accepted accounting principles under IFRS.

The LLP’s audited accounts for the years ended 4 April 2023 and 2022 are incorporated by reference in this Base Prospectus.

SUMMARY OF THE PRINCIPAL DOCUMENTS

Trust Deed

The Trust Deed, made 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 Trust Deed contains provisions relating to, *inter alia*:

- the constitution of the Covered Bonds (other than the A$ Registered Covered Bonds) and the terms and conditions of the Covered Bonds (as more fully set out under Terms and Conditions of the Covered Bonds above);
- the covenants of the Issuer and the LLP;
- the terms of the Covered Bond Guarantee (as described below);
- the terms on which the Bond Trustee may or shall consent (or direct the Security Trustee to consent) to certain modifications or waivers to the Transaction Documents and the Covered Bonds and otherwise to certain Transaction Documents only for certain purposes; for further information see Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution);
- the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and
- the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign, or retire or be removed.

Covered Bond Guarantee

Under 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 Coupons, 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 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.

Following the occurrence of an Issuer Event of Default and after the Covered Bonds have been declared due and payable by the Bond Trustee as against the Issuer, following service of an Issuer Acceleration Notice, the Bond Trustee will serve a Notice to Pay on the LLP. Payment by the LLP of the Guaranteed Amounts pursuant to the Covered Bond Guarantee will be made on the later of (a) the day that is two Business Days following service of a Notice to Pay on the LLP in respect of such Guaranteed Amounts, (b) or if the applicable Final Terms specify that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Extended Due for Payment Date, or (c) 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 political subdivision 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, Receipts and/or Coupons 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 or guarantor and shall be absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or an LLP Acceleration Notice) unconditional, irrespective of, and unaffected by, any invalidity, irregularity or unenforceability of, or defect in, any provisions of the Trust Deed, the Australian Deed Poll, any other Transaction Document or the Covered Bonds 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 that might otherwise constitute a legal or equitable discharge or defence of a guarantor.

Subject to the grace period specified in Condition 9.2 (LLP Events of Default) of the Conditions, 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 a GIC Account or a Stand-by GIC Account, as applicable, 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 any 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 (to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the LLP). 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 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.

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

Australian Deed Poll

The Australian Deed Poll made by the Issuer, is the principal document governing the A$ Registered Covered Bonds. The Australian Deed Poll contains provisions relating to, *inter alia*; (i) the constitution of the A$ Registered Covered Bonds including the irrevocable undertaking by the Issuer to, and for the benefit of each A$ Covered Bondholder that it shall pay and perform its obligations under the A$ Registered Covered Bonds; (ii) enforcement with respect to the A$ Registered Covered Bonds; and (iii) the transfer restrictions applicable to the A$ Registered Covered Bonds.

The Australian Deed Poll is governed by, and construed in accordance with, the laws applying in the State of New South Wales, Australia.

Australian Delegation Deeds

The Australian Delegation Deed, made between the Bond Trustee and an Australian entity which holds an Australian financial services licence (the **Australian Delegate**), contains provisions relating to the delegation by the Bond Trustee to the Australian Delegate of the exercise of certain rights, powers and discretions and the performance of certain duties and obligations with respect to A$ Registered Covered Bonds held by A$ Covered Bondholders (being all of the Bond Trustee's roles, functions, duties obligations, authorities, powers and discretions given to it pursuant to the Trust Deed, except for the power of the Australian Delegate to sub-delegate certain roles, functions, duties, obligations, authorities, powers and discretions (the **Australian Delegate Non-subdelegable Duties**)). Certain duties (other than the Australian Delegate Non-subdelegable Duties) have been sub-delegated by the Australian Delegate to the Bond Trustee under the Australian Sub-Delegation Deed (as described further below). The Australian Delegation Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

The Australian Sub-Delegation Deed, made between the Bond Trustee and the Australian Delegate, contains provisions relating to the sub-delegation by the Australian Delegate to the Bond Trustee of the exercise of certain rights, powers and discretions and the performance of certain duties and obligations with respect to A$ Registered Covered Bonds held by A$ Covered Bondholders such that the Bond Trustee can continue to administer the roles, functions, duties obligations, authorities, powers and discretions delegated by the Australian Delegate for holders of A$ Registered Covered Bonds in the same way as it does for holders of other Covered Bonds under the Programme, with certain limited exceptions. The Australian Sub-Delegation Deed and any non-contractual obligations arising out of or in connection with it are 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 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. Each Term Advance will be made in the Specified Currency of the relevant Series or Tranche, as applicable, of the Covered Bonds, as set out in the applicable Final Terms, and will be swapped into Sterling pursuant to the relevant Covered Bond Swap Agreement. The Sterling Equivalent of each Term Advance will be used by the LLP (a) as consideration in part for the acquisition of Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement, as described under "*—Mortgage Sale Agreement—Sale by the Seller of Loans and Related Security*" and/or (b) to invest in Substitution Assets in an amount not exceeding the prescribed limit in each case to the extent required to meet the requirements of Regulations 23 and 24(1)(a)(ii) of the RCB Regulations and the Asset Coverage Test and thereafter may be applied by the LLP: (i) as consideration in part for the acquisition of Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement, as described under "*—Mortgage Sale Agreement—Sale by the Seller of Loans and Related Security*"; and/or (ii) to invest in Substitution Assets in an amount not exceeding the prescribed limit; and/or (iii) (subject to satisfying the Asset Coverage Test) to make a Capital Distribution to a Member; and/or (iv) 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 (v) to make a deposit in the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the prescribed limit). Each Term Advance will bear interest at a rate of interest equal to the rate of interest payable on the corresponding Series or Tranche, as applicable, of Covered Bonds.

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 an Asset Coverage Test Breach Notice (which has not been revoked) or 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 LLP 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. For so long as an Asset Coverage Test Breach Notice is outstanding and has not been revoked, the LLP may not borrow any new Term Advances (and the Issuer may not make any new Term Advances) under the Intercompany Loan Agreement.

The amounts owed by the LLP to the Issuer under the Term Advances will be reduced by (a) 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 (b) 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 6.8 (Cancellation).

The Intercompany Loan Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Mortgage Sale Agreement

The Seller

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 Initial Programme Date as amended and restated on 30 April 2008, 1 December 2008, 18 December 2009 and 12 February 2021 between Nationwide Building Society (in its capacity as Seller), the LLP and the Security Trustee.

Sale by the Seller of Loans and Related Security

The Portfolio will consist of 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 Loans forming part of the Portfolio will vary over time provided that, at the time the relevant Loans are sold to the LLP, the Eligibility Criteria (as described below) in respect of such Loans are met on the relevant Transfer Date. Accordingly, the Portfolio may, at any time, include 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 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 by the LLP to acquire Loans and their Related Security from the Seller. In exchange for the sale of the Loans and their Related Security to the LLP, the Seller will receive an amount equal to the True Balance of those Loans sold by it as at the Transfer Date, which will be satisfied by a combination of:

    (i) 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

    (ii) the Seller being treated as having made a Capital Contribution in an amount equal to the difference between the True Balance of the Loans sold by the Seller as at the relevant Transfer Date and the cash payment (if any) made by the LLP; and

    (iii) Deferred Consideration.

(b) Second, prior to service of an Asset Coverage Test Breach Notice on the LLP (which has not been revoked), the LLP will use the Available Principal Receipts to acquire New Loans and their Related Security from the Seller and/or Substitution Assets (in respect of any Substitution Assets, up to the prescribed limit) on each LLP Payment Date.

(c) Third, the LLP and the Seller are required to ensure that the Portfolio is maintained at all times in compliance with the Asset Coverage Test (as determined by the Cash Manager on each Calculation Date). 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 Loans and their Related Security to the LLP on or before the next Calculation Date in consideration of the Seller being treated as having made a Capital Contribution (in an amount equal to the True Balance of the New Loans) sold by the Seller as at the relevant Transfer Date and in consideration of the right to receive the Deferred Consideration.

If Selected Loans and their Related Security are sold by or on behalf of the LLP as described below under "*—LLP Deed—Sale of Selected Loans and their Related Security following service of an Asset Coverage Test Breach Notice*", the obligations of the Seller insofar as they relate to those Selected Loans and their Related Security will cease to apply.

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

Eligibility Criteria

The sale of Loans and their Related Security to the LLP will be subject to various conditions (the **Eligibility Criteria**) being satisfied on the relevant Transfer Date or in respect of Additional Loan Advances, on the next Calculation 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;

(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 Loans and their Related Security would adversely affect the then current ratings of the Covered Bonds by the Relevant Rating Agencies;

(c) the weighted average yield on the Loans in the Portfolio (including the New Loans) is at least 0.25% greater than the SONIA Spot Rate published on the date on which the amount is calculated (or, if such day is not a London Business Day, on the immediately preceding London Business Day) after taking into account (a) the average yield on the Loans (b) the margins on the Interest Rate Swaps and (c) the average yield on any Substitution Assets held by the LLP;

(d) no Loan has a True Balance of more than £1 million;

(e) no Loan relates to a Property that is not a residential Property; and

(f) no Loan constitutes a New Loan Type, in respect of which no written confirmation has been received by the Security Trustee, and from each of the Relevant Rating Agencies in accordance with the terms of the Mortgage Sale Agreement, that such Loan may be sold to the LLP and that such sale of the New Loan Types would not have an adverse effect on the then current ratings by the Relevant Rating Agencies of the Covered Bonds.

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

If the Seller accepts an application from or makes an offer (which is accepted) to a Borrower for a Product Switch or Additional Loan Advance, then if the Eligibility Criteria referred to in paragraphs (c), (d) and (e) above relating to the Loan subject to that Product Switch or Additional Loan Advance are not satisfied on the next following Calculation Date, the LLP will be entitled to rectify the relevant breach of those Eligibility Criteria by (in the event of a breach of the Eligibility Criteria in paragraphs (c), (d) and (e) above) requiring the Seller to repurchase the Loans subject to any Product Switch or Additional Loan Advance or (in the event of a breach of the Eligibility Criteria in paragraph (c) above) by requiring the Seller to transfer further Loans to the LLP in an amount sufficient to ensure that the Eligibility Criteria in paragraph (c) above is met.

Transfer of Title to the Loans to the LLP

The sale by the Seller to the LLP of English Loans and Northern Irish Loans and their Related Security will take effect by way of an equitable assignment. The sale by the Seller to the LLP of Scottish Loans and their Related Security will be given effect by way of Scottish Declarations of Trust under which the beneficial interest in the Scottish Loans and their Related Security will be transferred to the LLP. In relation to Scottish Loans, references in this document to a sale of Loans or to Loans having been sold are to be read as references to the making of such Scottish Declarations of Trust. Such beneficial interest (as opposed to the legal title) cannot be registered or recorded in the Registers of Scotland. As a result, legal title to Loans and their Related Security will remain with the Seller until legal assignments or assignations (as appropriate) are delivered by the Seller to the LLP and notice of the sale is given by the Seller to the Borrowers. Legal assignment or assignation (as appropriate) of the 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 assignation (as appropriate) of the Loans and their Related Security (or, where specified, the Selected Loans and their Related Security) to the LLP will be completed on or before the 20th London Business Day after the earliest of the following:

(a) either (A) the occurrence of an Issuer Event of Default under Conditions 9.1(i) to (vii) and service on Nationwide Building Society of an Issuer Acceleration Notice and the service on the LLP of a Notice to Pay or (B) if the Bond Trustee has previously served on the Issuer an Issuer Acceleration Notice and served on the LLP a Notice to Pay in respect of an Issuer Event of Default under Condition 9.1(viii), then the occurrence of any other Issuer Event of Default;

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

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

(d) the Seller and/or the LLP being required: (a) by law; (b) by an order of a court of competent jurisdiction; (c) by a regulatory authority that has jurisdiction over the Seller; or (d) by any organisation of which the Seller is a member, or whose members comprise, but are not necessarily limited to, mortgage lenders and with whose instructions it is customary for the Seller to comply, to perfect legal title to the Loans; and

(e) 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.

Pending completion of the transfer, 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.

Any Title Deeds and Loan Files relating to the Loans in the Portfolio will be held by or to the order of the Seller or the Servicer, 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 Loans and their Related Security. The Seller or the Servicer, as the case may be, will undertake that all the Title Deeds and Loan Files relating to the Loans in the Portfolio that 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 enquiries, searches or investigations in respect of the Loans and their Related Security to be sold to the LLP. Instead, each is relying entirely on the Representations and Warranties 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 Relevant 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 material Representations and Warranties are as follows and are given on the relevant Transfer Date in respect of the Loans and Related Security to be sold to the LLP only on that date and on the Calculation Date following the making of any Additional Loan Advance or Product Switch in respect of the Loan to which the Additional Loan Advance or Product Switch relates only:

- each Loan was originated or purchased by the Seller in the ordinary course of business not less than three calendar months prior to the relevant Transfer Date and was denominated in pounds Sterling upon origination or acquisition (or was denominated in euro upon origination or acquisition if the euro has been adopted as the lawful currency of the United Kingdom) and in respect of Loans purchased by the Seller (a) confirmation has been received from each of the Relevant Rating Agencies that the purchase of such Loans by the Seller would

not adversely affect the then current ratings by such Relevant Rating Agency of the Covered Bonds and (b) the amount of Loans purchased by the Seller does not exceed 20% of the Portfolio;

- the first two monthly payments due in respect of each Loan have been paid by the relevant Borrower;
- no Loan has a True Balance of more than £1 million;
- each Loan has a remaining term of less than 50 years as at the relevant Transfer Date;
- prior to the making of each advance under a Loan, the Lending Criteria and all preconditions to the making of any Loan were satisfied in all material respects subject only to exceptions and waivers as would be acceptable to a Reasonable, Prudent Mortgage Lender;
- the Lending Criteria are consistent with the criteria that would be used by a Reasonable, Prudent Mortgage Lender;
- all of the Borrowers are individuals and were aged 18 years or older at the date he or she executed the relevant Mortgage;
- subject to, in relation to a Right to Buy Loan, any charge or security that may arise or be granted in favour of the relevant local authority (or in Northern Ireland, the Northern Ireland Housing Executive) and that has not been postponed, the whole of the True Balance on each Loan is secured by a Mortgage over residential property;
- subject to, in relation to a Right to Buy Loan, any charge or security that may arise or be granted in favour of the relevant local authority (or in Northern Ireland, the Northern Ireland Housing Executive) and that has not been postponed, and subject to, in certain appropriate cases, the completion of an application for registration at the Land Registry, the Registers of Scotland or the Registers of Northern Ireland, each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage or (in Scotland) first ranking standard security over the relevant Property or (in Northern Ireland) a valid and subsisting first charge (in relation to registered land) or a valid and subsisting mortgage by way of demise or sub-demise (in relation to unregistered land) except in relation to Flexible Advances linked to Loans entered into before 1 September 2002 in which case the Mortgage constitutes a valid and subsisting second ranking charge by way of legal mortgage or (in Scotland) second ranking standard security over the relevant Property or in (in Northern Ireland) a valid and subsisting second charge (in relation to registered land) or a valid and subsisting mortgage by way of demise or sub-demise (in relation to unregistered land) behind the Mortgage securing the balance of the relevant Loan;
- the True Balance on each Loan and its Related Security constitutes a legal, valid, binding and enforceable debt due to the Seller from the relevant Borrower and the terms of each Loan and its Related Security constitute valid and binding obligations of the Borrower enforceable in accordance with their terms except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the court's discretion in relation to equitable remedies;
- none of the terms of the Loans or their Related Security are binding by virtue of their being unfair pursuant to the Unfair Terms in Consumer Contracts Regulations 1994 or (as the case may be) the UTCCR;
- all approvals, consents and other steps necessary to permit a legal or equitable or beneficial transfer, or a transfer of servicing or other disposal as and in the manner contemplated by the Transaction Documents from the Seller to the LLP, of the Loans and their related Mortgages to be sold under the Mortgage Sale Agreement have been obtained or taken and there is no requirement in order for the transfer to be effective to obtain the consent of the Borrower before, on or after any equitable or beneficial transfer or before any legal transfer of the Loans and their related Mortgages, and such transfer or disposal shall not give rise to any claim by the Borrower against the LLP, the Security Trustee or any of their successors in title or assigns;
- all of the Properties are located in England or Wales, Scotland or Northern Ireland;

- unless the Loan is a Loan Without Independent Valuation, not more than 12 months (or a longer period as may be acceptable to a Reasonable, Prudent Mortgage Lender) prior to the granting of each Mortgage, the Seller received a Valuation Report on the relevant Property (or another form of report concerning the valuation of the relevant Property as would be acceptable to a Reasonable, Prudent Mortgage Lender), the contents of which were such as would be acceptable to a Reasonable, Prudent Mortgage Lender;

- prior to the taking of each Mortgage (other than a remortgage), the Seller instructed its solicitor, licensed conveyancer or (in Scotland) qualified conveyancer to carry out an investigation of title to the relevant Property and to undertake other searches, investigations, enquiries and other actions on behalf of the Seller in accordance with the instructions that the Seller issued to the relevant solicitor, licensed conveyancer or (in Scotland) qualified conveyancer as are set out, in the case of English Loans, in the CML Lenders' Handbook (or, for Mortgages taken before the CML's Lenders' Handbook for England and Wales was adopted in 1999, the Seller's standard form instructions to solicitors) and, in the case of Scottish Loans, the CML's Lenders' Handbook for Scotland (or, for Mortgages taken before the CML's Lenders' Handbook for Scotland was adopted in 2000, the Seller's standard form instructions to solicitors), the CML's Lenders' Handbook for Northern Ireland (or, for Mortgages taken before the CML's Lenders' Handbook for Northern Ireland was adopted in 2003, the Seller's standard form instructions to solicitors) or other comparable or successor instructions and/or guidelines as may for the time being be in place, subject only to those variations as would be acceptable to a Reasonable, Prudent Mortgage Lender;

- buildings insurance cover for each Property is available under either: (a) a policy arranged by the Borrower or (b) in the case of leasehold property a policy arranged by the relevant landlord or (c) the Properties in Possession Policies;

- subject to registration or recording at the Land Registry or the Registers of Scotland or the Registers of Northern Ireland (as the case may be), the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned by the Seller to the LLP under the Mortgage Sale Agreement;

- the Seller has, since the making of each Loan, kept or procured the keeping of full and proper accounts, books and records as are necessary to show all material transactions, payments, receipts, proceedings and notices relating to such Loan;

- there are no governmental authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to make the Mortgage Sale Agreement legal, valid, binding, enforceable and admissible in evidence in a court in England and Wales which have not been obtained;

- each Loan and its Related Security will be "eligible property" for the purposes of Regulation 2 of the RCB Regulations;

- the rate of interest under each Loan is charged in accordance with the Standard Documentation, subject to the terms of any offer letter in relation thereto; and

- each Property is owner-occupied, or, where a Property is not owner-occupied, a Rating Agency Confirmation has been received.

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. The prior consent of the holders of the Covered Bonds to the requisite amendments will not be required to be obtained. Notwithstanding the foregoing, the above representations and warranties will not apply in their entirety to Flexible Advances.

Repurchase of Loans

If the Seller receives a Repurchase Notice from the Cash Manager identifying a Loan or its Related Security in the Portfolio that does not, as at the relevant Transfer Date or relevant Calculation Date (in the case of an Additional Loan Advance), materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement, then the Seller will be required to repurchase (a) any such Loan and its Related Security and (b) any other Loans (including any Flexible Advances) of the relevant Borrower and their Related Security that are included in the Portfolio. The repurchase price payable upon the repurchase of any Loan is an amount (not less than zero) equal to the True Balance thereof and expenses as at the relevant repurchase date. 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 "*Cash flows*" below).

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

(a) an Additional Loan Advance made in respect of a Loan results in certain Eligibility Criteria being breached;

(b) a Product Switch occurs. In these circumstances, the Seller will be able to offer to sell the affected Loan back to the LLP; or

(c) a proposed Product Switch or Additional Loan Advance would result in the LLP being required to be regulated by the FCA by reason of it entering into a regulated mortgage contract. In these circumstances, if the Seller or the Borrower accepts an offer for the Product Switch, the Servicer or administrator (as the case may be) will notify the LLP, and the Seller will be required to repurchase the affected Loan or Additional Loan Advance before the Product Switch takes place.

Defaulted Loans

If a Seller receives a Defaulted Loans Notice identifying any Defaulted Loan, then that Defaulted Loan 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 Loan for an amount equal to its True Balance as at the date of repurchase.

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

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 Loans and their Related Security.

The LLP will serve on the Seller a Selected Loan Offer Notice offering to sell those Selected Loans and their Related Security for an offer price equal to the greater of the then True Balance of the Selected Loans and the Adjusted Required Redemption Amount, subject to the offer being accepted by the Seller within ten London Business Days. If an Issuer Event of Default has occurred but no liquidator or administrator has been appointed to the Seller, the Seller's right to accept the offer (and therefore its right of pre-emption) will be conditional upon the delivery by the Seller of a solvency certificate to the LLP and the Security Trustee. If the Seller rejects the LLP's offer or fails to accept it in accordance with the foregoing, the LLP will offer to sell the Selected Loans and their Related Security to other Purchasers (as described under "*–LLP Deed– Method of Sale of Selected Loans*", below).

If the Seller validly accepts the LLP's offer to sell the Selected Loans and their Related Security, the LLP will, within three London Business Days of such acceptance, serve a Selected Loan Repurchase Notice on the Seller. The Seller will sign and return a duplicate copy of the Selected Loan Repurchase Notice and will repurchase from the LLP free from the Security created by and pursuant to the Deed of Charge the relevant Selected Loans and their Related Security (and any other Loan secured or intended to be secured by that Related Security or any part of it) referred to in the relevant Selected Loan Repurchase Notice. Completion of the purchase of the Selected Loans and their Related Security by the Seller will take place on the LLP Payment Date after receipt of the Selected Loans Repurchase Notice(s) or such date as the LLP may direct in the Selected Loans Repurchase Notice (provided that such date is not later than the earlier to occur of the date that is (a) ten London Business Days after returning the Selected Loan Repurchase Notice to the LLP and (b) the Final Maturity Date of, as applicable, the Hard Bullet Covered Bonds or the Earliest Maturing Covered Bonds).

For the purposes hereof:

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated as follows:

the Principal Amount Outstanding of the relevant Series of Covered Bonds	X	(1+ Negative Carry Factor X (days to maturity of the relevant Series of Covered Bonds/365))

Further drawings under Loans

The Seller is solely responsible for funding all Additional Loan Advances and interest payments which would have been made by Borrowers but for Payment Holidays in respect of Loans sold by the Seller to the LLP, if any. The amount of the Seller's Capital Contribution will increase by the amount of the funded Additional Loan Advances and interest payments which would have been made by Borrowers but for Payment Holidays as set out in the LLP Deed.

New Sellers

In the future, any New Seller that wishes to sell loans and their Related Security to the LLP will accede to, *inter alia*, the Mortgage Sale Agreement. The sale of New Loans and their Related Security by New Sellers to the LLP will be subject to certain conditions, including the following:

- each New Seller accedes to the terms of the LLP Deed as Member (with such subsequent amendments as may be agreed by the parties thereto) so that it has, in relation to those New Loans and their Related Security to be sold by the relevant New Seller, substantially the same rights and obligations as the Seller had in relation to those Loans and their Related Security comprised in the Initial Portfolio under the LLP Deed;

- each New Seller accedes to the terms of the Mortgage Sale Agreement (with such subsequent amendments as may be agreed by the parties thereto) or enters into a new mortgage sale agreement with the LLP and the Security Trustee, in each case so that it has, in relation to those New Loans and their Related Security to be sold by the relevant New Seller, substantially the same rights and obligations as the Seller had in relation to those Loans and their Related Security comprised in the Initial Portfolio under the Mortgage Sale Agreement;

- each New Seller accedes to the Programme Agreement and enters into such other documents as may be required by the Security Trustee and/or the LLP (acting reasonably) to give effect to the addition of a New Seller to the transactions contemplated under the Programme;

- any New Loans and their Related Security sold by a New Seller to the LLP comply with the Eligibility Criteria set out in the Mortgage Sale Agreement;

- either the Servicer services the New Loans and their Related Security sold by a New Seller on the terms set out in the Servicing Agreement (with such subsequent amendments as may be agreed by the parties thereto) or the New Seller (or its nominee) enters into a servicing agreement with the LLP and the Security Trustee which sets out the servicing obligations of the New Seller (or its nominee) in relation to the New Loans and their Related

Security and which is on terms substantially similar to the terms set out in the Servicing Agreement (fees payable to the Servicer or the New Seller (or its nominee) acting as servicer of such New Loans and their Related Security would be determined on the date of the accession of the New Seller to the Programme);

- the Security Trustee is satisfied that any accession of a New Seller to the Programme will not prejudice the Asset Coverage Test; and

- the Security Trustee is satisfied that the accession of a New Seller to the Programme is not materially prejudicial to holders of the Covered Bonds and has received a Rating Agency Confirmation in relation thereto.

If the above conditions are met, the consent of holders of the Covered Bonds to the accession of a New Seller to the Programme will not be obtained.

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law (other than certain aspects relating to the Scottish Loans and their Related Security and Northern Irish Loans and their Related Security, which are governed by Scots law and Northern Irish law respectively).

Servicing Agreement

Pursuant to the terms of the Servicing Agreement entered into on the Initial Programme Date as amended and restated on 30 April 2008, 7 January 2011, 17 July 2013, 1 July 2016, 15 July 2019 and 12 February 2021 between the LLP, Nationwide Building Society (in its capacity as Servicer) and the Security Trustee, the Servicer has agreed to service on behalf of the LLP the Loans and their Related Security sold by the Seller to the LLP.

The Servicer is required to service the Loans in accordance with the Servicing Agreement and:

(a) as if the Loans and their Related Security sold by the Seller to the LLP had not been sold to the LLP but remained with the Seller; and

(b) in accordance with the Seller's administration, arrears and enforcement policies and procedures forming part of the Servicer's policy from time to time as they apply to those Loans.

The Servicer's actions in servicing the Loans in accordance with its procedures are binding on the LLP and the Secured Creditors.

The Servicer has the power to exercise the rights, powers and discretions and to perform the duties of the LLP in relation to the Loans and their Related Security that it is servicing pursuant to the terms of the Servicing Agreement, and to do anything which it reasonably considers necessary or convenient or incidental to the administration of those Loans and their Related Security.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Agreement, the Servicer has undertaken in relation to those Loans and their Related Security that it is servicing, *inter alia*, to:

- keep records and accounts on behalf of the LLP in relation to the Loans;

- 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 servicing of the Loans and their Related Security;

- maintain a register in respect of the Portfolio;

- make available to the LLP and the Security Trustee a report on a monthly basis containing information about the Loans and their Related Security comprised in the Portfolio;

- with effect on and from the date on which the Issuer is admitted to the register of issuers pursuant to Regulation 14 of the RCB Regulations, provide to the FCA such information about the Loans and their Related Security contained in the Portfolio and/or such other information as the FCA may direct pursuant to the RCB Regulations;

- assist the Cash Manager in the preparation of a monthly asset coverage report in accordance with the Cash Management Agreement;

- take all reasonable steps to recover all sums due to the LLP, including instituting proceedings and enforcing any relevant Loan or Mortgage using the discretion of a Reasonable, Prudent Mortgage Lender in applying the enforcement procedures forming part of the Seller's policy; and

- enforce any Loan that 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 Reasonable, Prudent Mortgage Lender on behalf of the LLP.

The Servicer has covenanted to each of the LLP and the Security Trustee in the Servicing Agreement that, upon the Servicer ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by S&P of at least BBB-, or a counterparty risk assessment by Moody's of at least Baa3(cr) or a long-term unsecured, unguaranteed and unsubordinated debt obligation rating from Fitch of at least BBB- (provided that such rating by S&P, Moody's and/or Fitch shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding) (a **Back-Up Servicer Event**), it will use best endeavours to (with the assistance of the Back-Up Servicer Facilitator) identify and appoint a third party satisfactory to the LLP to act as a back-up or stand-by servicer (the **Back-Up Servicer**) to the Servicer within 60 days of such Back-Up Servicer Event.

Setting of Standard Variable Rate and other discretionary rates and margins

Pursuant to the terms of the Mortgage Sale Agreement and in accordance with Mortgage Conditions applicable to certain of the Loans, the Seller has prescribed policies relating to interest rate setting, arrears management and handling of complaints which the LLP (and any subsequent purchaser thereof) will be required to adhere to following the transfer of the Loans and their Related Security. Such arrears management and handling of complaints policies are consistent with those to be applied by the Servicer under the terms of the Servicing Agreement. The interest rate setting policy specified in the Mortgage Sale Agreement is only applicable to Loans with interest rates that may be varied from time to time in the discretion of the lender and requires that such interest rates should be set:

(a) where the borrower has been guaranteed it will be capped by reference to a certain level at, either above or below, the Bank of England base rate (or any other rate) at the time (such rate being the **SVR Capped Rate**), at no more than the SVR Capped Rate; and

(b) in accordance with any applicable requirements, statement of good practice or guidelines of the FCA or any other regulatory body with which it is customary to comply.

In addition to the undertakings described above, the Servicer has also undertaken in the Servicing Agreement to determine and set in relation to all the Loans in the Portfolio the Standard Variable Rate and any other discretionary rates and margins (in accordance with the policy to be adhered to by the LLP above) except in the limited circumstances described below in this subsection when the LLP will be entitled to do so. The Servicer will not at any time prior to service of a Notice to Pay on the LLP and/or the transfer of legal title to the Portfolio (or any part thereof) to the LLP, without the prior consent of the LLP, set or maintain:

(i) the Standard Variable Rate applicable to the Loans sold by the Seller to the LLP and in the Portfolio at a rate which is higher than (although it may be lower than or equal to) the then prevailing Standard Variable Rate of the Seller which applies to mortgage loans beneficially owned by the Seller outside the Portfolio; and

(ii) any other discretionary rate or margin in respect of any other Loan sold by the Seller to the LLP and in the Portfolio which is higher than (although it may be lower than or equal to) the interest rate or margin which applies to that type of mortgage loan beneficially owned by the Seller outside the Portfolio.

In particular, the Servicer 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 Standard Variable Rate and any other discretionary rate or margin in respect of the Loans which the Servicer proposes to set under the Servicing Agreement for the Relevant LLP Payment Period; and

(c) the other resources available to the LLP including the Interest Rate Swap Agreement, the relevant Covered Bond 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 (i) the amount of interest which would be payable (or provisioned to be paid) under the Intercompany Loan or, if a Notice to Pay has been served, the Covered Bond Guarantee on each LLP Payment Date falling prior to the end of the Relevant LLP Payment Period and relevant amounts payable (or provisioned to be paid) to the Covered Bond Swap Providers under the Covered Bond Swap Agreements in respect of all Covered Bonds on each LLP Payment Date of each Series of Covered Bonds falling prior to the end of the relevant LLP Payment Period and (ii) 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 and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security. Any such shortfall shall be referred to herein as the **Interest Rate Shortfall**.

If the Servicer determines that there will be an Interest Rate Shortfall in the foregoing amounts, it will give written notice to the LLP and the Security Trustee, within one Business Day, of the amount of the Interest Rate Shortfall. If the LLP or the Security Trustee notifies the Servicer and the Seller that, having regard to the obligations of the LLP and the amount of the Interest Rate Shortfall, further Loans and their Related Security should be sold by the Seller to the LLP pursuant to the Mortgage Sale Agreement, the Seller will use all reasonable efforts to offer to sell New Loans and their Related Security to the LLP on or before the next Calculation Date which have a Standard Variable Rate and/or other discretionary rates or margins sufficient to avoid such Interest Rate Shortfall on future Calculation Dates. In consideration of such sale, the Seller will be treated as having made a Capital Contribution (in an amount equal to the True Balance of the New Loans) sold by the Seller as at the relevant Transfer Date and will be entitled to receive the Deferred Consideration.

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

(a) the Standard Variable Rate and any other discretionary rate or margin in respect of the Loans which the Servicer proposes to set under the Servicing Agreement for the relevant LLP Payment Period; and

(b) the other resources available to the LLP under the Interest Rate Swap Agreement,

whether the LLP would receive an aggregate amount of interest on the Loans and amounts under the Interest Rate Swap Agreement during the Relevant LLP Payment Period which would give a yield on the Loans of at least the SONIA Spot Rate published on the final London Business Date in the previous Calculation Period plus 0.25%.

If the Servicer 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 Standard Variable Rate and the other discretionary rates or margins which would, in the Servicer'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 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 Reasonable, Prudent Mortgage Lender. If the LLP or the Security Trustee notifies the Servicer that, having regard to the

obligations of the LLP, the Standard Variable Rate and/or the other discretionary rates or margins should be increased, the Servicer or replacement Servicer, as the case may be, will take all steps that are necessary to increase the Standard Variable Rate and/or any other discretionary rates or margins including publishing any notice that is required in accordance with the Mortgage Terms.

The LLP and the Security Trustee may terminate the authority of the Servicer to determine and set the Standard Variable Rate and any other variable rates or margins on the occurrence of a Servicer Event of Default as defined under "*— Removal or resignation of the Servicer*", in which case the LLP and the Security Trustee will agree to appoint the replacement Servicer to set the Standard Variable Rate and the other discretionary rates or margins itself in accordance with this subsection.

Remuneration

As full remuneration for its servicing duties and activities and as reimbursement for any expense incurred by it in connection therewith, the Servicer or any substitute servicer that is a member of Nationwide is entitled to receive the fee from the LLP as set out in Servicing Agreement. If, however, a servicer is appointed from outside Nationwide, the level of this fee may be amended.

Removal or resignation of the Servicer

The LLP and the Security Trustee may, upon written notice to the Servicer, terminate the Servicer's rights and obligations immediately if any of the following events (each a **Servicer Termination Event** and, each of the first three events set out below, a **Servicer Event of Default**) occurs:

- the Servicer defaults in the payment of any amount due to the LLP under the Servicing Agreement and fails to remedy that default for a period of three Business Days after becoming aware of the default;
- the Servicer fails to comply with any of its other obligations under the Servicing Agreement which failure in the opinion of the Security Trustee is materially prejudicial to holders of the Covered Bonds and does not remedy that failure within 20 Business Days after becoming aware of the failure;
- an Insolvency Event occurs in relation to the Servicer; or
- the LLP resolves that the appointment of the Servicer should be terminated.

Upon the termination of the Servicer, the LLP (with the assistance of the Back-Up Servicer Facilitator) shall use reasonable endeavours to appoint a substitute servicer in accordance with the terms of the Servicing Agreement provided that if:

(a) an entity is acting as a Back-Up Servicer or stand-by servicer to the Servicer as a consequence of the occurrence of a Back-Up Servicer Event;

(b) no event has occurred which would entitle the LLP to terminate the back-up or stand-by servicer's appointment under the agreement appointing the Back-Up Servicer or stand-by servicer; and

(c) the Back-Up Servicer or stand-by servicer is contractually committed to provide the services in relation to the Portfolio if the appointment of the relevant Servicer is terminated pursuant to the Servicing Agreement,

the appointment of the Back-Up Servicer or stand-by servicer shall satisfy the obligation of the LLP to appoint a substitute servicer.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' notice to the Security Trustee, the LLP and the Back-Up Servicer Facilitator provided that a substitute servicer qualified to act as such under the FSMA 2000 and with a management team with experience of administering mortgages in the

United Kingdom has been appointed (with the assistance of the Back-Up Servicer Facilitator) and enters into a servicing agreement with the LLP substantially on the same terms as the Servicing Agreement. The resignation of the Servicer 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.

In addition, the appointment of the Servicer may be terminated by the Servicer upon the expiry of not less than 60 days' written notice of termination given by the Servicer to the LLP, the Back-Up Servicer Facilitator and the Security Trustee if (i) following a Perfection Event, the Servicer has certified to the LLP and the Security Trustee in writing that it cannot operationally continue to service the relevant Loans and their Related Security and/or (ii) a Back-Up Servicer or stand-by Servicer has been appointed.

If the appointment of the Servicer is terminated, the Servicer must deliver the Title Deeds and Loan Files relating to the Loans administered by it to, or at the direction of, the LLP. The Servicing Agreement will terminate at such time as the Servicer has no further interest in any of the Loans or their Related Security sold to the LLP and serviced under the Servicing Agreement that have been comprised in the Portfolio.

The Servicer may subcontract or delegate the performance of its duties under the Servicing Agreement provided that it meets conditions as set out in the Servicing Agreement.

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

Back-up Servicer

The Servicer has covenanted to each of the LLP and the Security Trustee that, upon the Servicer ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by S&P of at least BBB-, or a counterparty risk assessment by Moody's of at least Baa3(cr) or a long-term unsecured, unguaranteed and unsubordinated debt obligation rating from Fitch of at least BBB- (in each case, provided that such rating by S&P, Fitch and/or Moody's shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding) (a **Back-Up Servicer Event**), it will use best endeavours to (with the assistance of the Back-Up Servicer Facilitator) identify and appoint a third party satisfactory to the LLP to act as a back-up or stand-by servicer (the **Back-Up Servicer**) to the Servicer within 60 days of such Back-Up Servicer Event.

Any Back-Up Servicer appointed on or after the occurrence of a Back-Up Servicer Event will be paid a fee with regard to the services it performs as agreed separately between the LLP and the Back-Up Servicer (the **Back-Up Servicer Fee**). The amount of the Back-Up Servicer Fee will be added to the fees and costs that are payable to the Servicer by the LLP in accordance with the relevant Priorities of Payment and the Servicing Agreement, and the Servicer shall promptly following receipt of such amount pay the Back-Up Servicer Fee to the Back-Up Servicer or direct the LLP to pay such amounts directly to the Back-Up Servicer.

Back-Up Servicer Facilitator

The LLP has appointed the Back-Up Servicer Facilitator as its agent to, following the earlier to occur of a Back-Up Servicer Event and a Servicer Termination and in conjunction with the Servicer or, as applicable, the LLP, use best efforts to identify, on behalf of the LLP, a suitable entity to provide, in the case of a Back-Up Servicer Event, back-up or stand-by services to the Servicer in accordance with the terms of the Servicing Agreement or, in the case of a Servicer Termination, servicing services to the LLP.

The Servicing Agreement and any non-contractual obligation arising out of or in connection with it are governed by English law and it will be made by way of deed.

Asset Monitor Agreement

Under the terms of the Asset Monitor Agreement entered into on or around 21 June 2024 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 latest Calculation Date that falls at least 30 days prior to the anniversary of the Programme 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.

If the long-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Cash Manager or the Issuer fall below BBB- by S&P or BBB- by Fitch or if the Cash Manager or the Issuer ceases to be assigned a long-term counterparty risk assessment by Moody's of at least Baa3(cr) (in each case, provided that such rating by S&P, Fitch and/or Moody's shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding), or if an Asset Coverage Test Breach Notice has been served and has not been revoked, 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 Loan Amount or the Amortisation Test Aggregate Loan Amount is mis-stated by an amount exceeding 1% of the Adjusted Aggregate Loan Amount or the Amortisation Test Aggregate Loan 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, the Bond Trustee and the Security Trustee.

As at 21 June 2024, the LLP will pay to the Asset Monitor a fee of up to £5,000 per report (exclusive of VAT) 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 (such replacement to be approved by the Security Trustee) (such approval to be given if the replacement is an accountancy firm of national standing which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Agreement).

Upon giving notice of resignation, the Asset Monitor shall immediately use its best endeavours to appoint a replacement (such replacement to be approved by the Security Trustee) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement. If a replacement is not appointed by the date that 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.

The Asset Monitor has also been appointed as the "Asset Pool Monitor" (as defined in the RCB Regulations) for the purposes of the RCB Regulations, as to which see further "*Description of the UK Regulated Covered Bond Regime*".

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

The Asset Monitor Agreement and any non-contractual obligation arising out of or in connection with it are governed by English law.

LLP Deed

The Members of the LLP have agreed to operate the business of the LLP in accordance with the terms of a limited liability partnership deed entered into on the Initial Programme Date as amended and restated and/or supplemented on 21 February 2007, 30 November 2007, 30 April 2008, 19 June 2008, 3 July 2009, 18 December 2009, 28 June 2012, 17 July 2013 and 1 July 2016 (such limited liability partnership deed as amended and/or supplemented and/or restated from time to time, the **LLP Deed**) between the LLP, Nationwide Building Society, the Liquidation Member, the Bond Trustee and the Security Trustee.

Members

As at the date of this Base Prospectus, each of Nationwide Building Society and the Liquidation Member is a member (each a **Member** and, together with any other members from time to time, the **Members**) of the LLP. Nationwide Building Society 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 shall 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 Nationwide Building Society, the Seller will automatically cease to be a Member of the LLP and the outstanding balance of the Seller's Capital Contribution to the LLP will be converted into a subordinated debt obligation (the **Issuer Subordinated Loan**). In these circumstances, the Liquidation Member (with the prior written consent of the Security Trustee whilst the Covered Bonds are outstanding) 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 be otherwise 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 Nationwide Building Society (in its capacity as a Member) will make Capital Contributions to the LLP. Capital Contributions may be made in cash or in kind (e.g. through a contribution of Loans to the LLP). The Capital Contributions of the Society shall be calculated in Sterling on each Calculation Date as the difference between (a) the True Balance of the Portfolio as at the last day of the preceding Calculation Period plus Principal Receipts standing to the credit of the GIC Account 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.

Any Cash Capital Contributions made by Nationwide Building Society (in its capacity as a Member) from time to time shall, unless an Asset Coverage Test Breach Notice has been served and not been revoked: (a) be distributed to the Society as a Capital Distribution by way of a distribution of the Issuer's equity in the LLP; (b) be used to repay a Term Advance, if so directed by the Society (in its capacity as a Member); (c) be used to fund the Reserve Fund (together with other amounts that may be credited to such Reserve Fund, up to an aggregate amount equal to the Reserve Fund Required Amount); (d) be paid as consideration in part for the acquisition of Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement; (e) be used to invest in Substitution Assets (in an amount up to but not exceeding the prescribed limit); (f) be used to pay amounts due in connection with a tender and/or redemption of Covered Bonds, if so directed by Nationwide (in its capacity as a Member); or (g) be used to pay amounts due under a Covered Bond Swap, if so directed by Nationwide (in its capacity as a Member).

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, the Adjusted Aggregate Loan 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 Loan Amount is less than the aggregate 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 Loans and their Related Security to the LLP in accordance with the Mortgage Sale Agreement (see "*—Mortgage Sale Agreement—Sale by the Seller of Loans and Related Security*") or provide Cash Capital Contributions to ensure that the Asset Coverage Test is met on the next following Calculation Date. If the Adjusted Aggregate Loan Amount is less than the aggregate Principal Amount Outstanding of all Covered Bonds on the next following Calculation Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the LLP and the LLP shall send notice of the same pursuant to the RCB Regulations. The Bond Trustee shall revoke an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third Calculation Date following the service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor an LLP Acceleration Notice has been served.

Following service of an Asset Coverage Test Breach Notice (which has not been revoked):

(a) the LLP will be required to sell Selected Loans (as described further under "*—Sale of Selected Loans and their Related Security following service of an Asset Coverage Test Breach Notice*");

(b) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments will be modified as more particularly described in "*Cash flows*"; and

(c) the Issuer will not be permitted to make to the LLP and the LLP will not be permitted to borrow from the Issuer any new Term Advances under the Intercompany Loan Agreement.

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

For the purposes hereof:

Adjusted Aggregate Loan Amount means the amount calculated on each Calculation Date as follows:

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

where

A = the lower of (i) and (ii), where:

(i) = the sum of the **Adjusted True Balance** of each Loan in the Portfolio, which shall be the lower of (A) the actual True Balance of the relevant Loan in the Portfolio as calculated on the relevant Calculation Date and (B) the Indexed Valuation relating to that Loan multiplied by M (where for all Loans that are less than three months in arrears or not in arrears, M = 0.75, for all Loans that are three months or more in arrears and have a True Balance to Indexed Valuation ratio of less than or equal to 75%, M = 0.40

and for all Loans that are three months or more in arrears and have a True Balance to Indexed Valuation ratio of more than to 75%, M = 0.25),

minus

the aggregate sum of the following deemed reductions to the aggregate Adjusted True Balance of the Loans in the Portfolio if any of the following occurred during the previous Calculation Period:

(i) a Loan 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 subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Adjusted True Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted True Balance of the relevant Loan or Loans (as calculated on the relevant Calculation Date) of the relevant Borrower; and/or

(ii) the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Adjusted True Balance of the 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);

AND

(ii) = the aggregate **Arrears Adjusted True Balance** of the Loans in the Portfolio as at the relevant Calculation Date which in relation to each Loan shall be the lower of (A) the actual True Balance of the relevant Loan as calculated on the relevant Calculation Date and (B) the Indexed Valuation relating to that Loan multiplied by N (where for all Loans that are less than three months in arrears or not in arrears, N = 1, for all Loans that are three months or more in arrears and have a True Balance to Indexed Valuation ratio of less than or equal to 75%, N = 0.40 and for all Loans that are three months or more in arrears and have a True Balance to Indexed Valuation ratio of more than 75%, N = 0.25),

minus

the aggregate sum of the following deemed reductions to the aggregate Arrears Adjusted True Balance of the Loans in the Portfolio if any of the following occurred during the previous Calculation Period:

(i) a Loan 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 subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Arrears Adjusted True Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Arrears Adjusted True Balance of the relevant Loan or Loans (as calculated on the relevant Calculation Date) of the relevant Borrower; and/or

(ii) the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the immediately preceding

Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Arrears Adjusted True Balance of the 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),

the result of the calculation in this paragraph (ii) being multiplied by the Asset Percentage (as defined below);

B = the aggregate amount of any Principal Receipts on the Loans in the Portfolio up to the end of the immediately preceding Calculation Period (as recorded in the Principal Ledger) which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with the LLP Deed and/or the other Transaction Documents;

C = the aggregate amount of any Cash Capital Contributions made by the Members (as recorded in the Capital Account Ledger of each Member) or proceeds of Term Advances which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with this Deed and/or the other Transaction Documents;

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

E = the aggregate of (i) the amount of any Sale Proceeds standing to the credit of any GIC Account and credited to the Pre-Maturity Liquidity Ledger as at the relevant Calculation Date plus (ii) any amount standing to the credit of any GIC Account and credited to the Supplemental Liquidity Reserve Ledger as at the relevant Calculation Date (in each case, without double counting);

V = (i) for so long as Nationwide Building Society is the Account Bank with respect to the Collateralised GIC Account but does not have ratings at least equal to the Account Bank Required Ratings, an amount equal to the amounts deposited in the Collateralised GIC Account comprising the Designated Mortgages Amount or (ii) in all other cases, zero;

W = an amount equal to the Supplemental Liquidity Reserve Amount;

X = either:

(a) zero, for so long as: (i) the Issuer's credit ratings from S&P are at least BBB+ long-term and A-2 short-term; and the Issuer is assigned a long-term counterparty risk assessment by Moody's of at least A2(cr); and (ii) the Issuer's credit ratings from Fitch are at least A long-term and F1 short-term (in each case, provided that such ratings by S&P, Moody's and/or Fitch shall not apply to the extent (i) such agency does not maintain ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and (ii) there are no Covered Bonds issued prior to such date which are still outstanding); or

(b) the sum of the Deposit Set-off Balance for each Loan, where the **Deposit Set-off Balance** equals, (i) in respect of each Loan where the aggregate amount of the relevant Borrower's deposit account balances exceeds the FSCS Limit but the True Balance of the relevant Loan does not exceed the FSCS Limit, the lower of: (A) the True Balance of the relevant Loan; and (B) the aggregate amount of deposit account balances of the relevant Borrower minus the FSCS Limit, each as calculated on the relevant Calculation Date and notified to the Relevant Rating Agencies, or (ii) in respect of each Loan where the aggregate amount of the relevant Borrower's deposit account balances exceeds the FSCS Limit and the True Balance of the relevant Loan also exceeds the FSCS Limit, the lower of: (a) the True Balance of the relevant

Loan; and (b) the aggregate amount of deposit account balances, provided that if the aggregate amount of deposit account balances of such Borrower is not available, the Deposit Set-off Balance for that Loan shall be 4% of the True Balance of that Loan on the relevant Calculation Date;

Y = 8% multiplied by the Flexible Redraw Capacity (as defined below) multiplied by 3; and

Z = the weighted average remaining maturity of all Covered Bonds then outstanding ***multiplied by*** the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on the relevant Calculation Date ***multiplied by*** the Negative Carry Factor where the **Negative Carry Factor** (a) 0.5% if the weighted average margin of the interest rate payable on the Covered Bonds is less or equal to 0.1% per annum or (b) 0.5% plus that margin minus 0.1%, if that margin is greater than 0.1% 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),

and where, in all cases, the **True Balance** of a Loan is its True Balance as at the last day of the immediately preceding Calculation Period.

Asset Percentage means 93% or such lesser percentage figure as selected at the option of the LLP by the LLP (or the Cash Manager acting on its behalf) that is necessary to ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch and S&P (provided that such ratings by Fitch and/or S&P shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding) or such figure selected by the LLP (or the Cash Manager on its behalf) and notified to Moody's and the Security Trustee.

Save where a different adjustment would not adversely affect the then current ratings of all outstanding Covered Bonds as confirmed in writing by the Relevant Rating Agencies, the Asset Percentage will be adjusted in accordance with the various methodologies prescribed by Fitch and S&P (provided that such methodologies of Fitch and/or S&P shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding) to ensure that sufficient credit enhancement will be maintained, provided that the Asset Percentage may not, at any time, exceed 93% unless where a different adjustment would not adversely affect the then current ratings of all outstanding Covered Bonds as confirmed in writing by the Relevant Rating Agencies.

In addition, the LLP or the Cash Manager acting on its behalf may, from time to time, send notification to Moody's and the Security Trustee of the percentage figure selected by it, being the difference between 100% and the amount of credit enhancement required to ensure that the Covered Bonds achieve an Aaa rating by Moody's using Moody's expected loss methodology.

Flexible Re-draw Capacity means the sum of: (a) the flexible cash re-draw capacity, being an amount equal to the difference between (i) the maximum amount of Cash Re-draws that Borrowers may make under Flexible Loans in the Portfolio (whether or not drawn) as at the last day of the immediately preceding Calculation Period and (ii) the aggregate True Balance of Cash Re-draws that form part of the Portfolio as at the last day of the immediately preceding Calculation Period; and (b) the further draw capacity being an amount equal to the difference between (i) the aggregate credit limit under Flexible Advances included in the Portfolio as at the last day of the immediately preceding Calculation Period and (ii) the aggregate True Balance of Flexible Advances that form part of the Portfolio as at the last date of the immediately preceding Calculation Period.

FSCS Limit means the current applicable limit established by the Financial Services Compensation Scheme.

Supplemental Liquidity Reserve Amount means: (i) prior to the service of a Notice to Pay, an amount equal to 5% of item "A" in the Asset Coverage Test; and (ii) following the service of a Notice to Pay, an amount equal to 5% of item "A" in the Asset Coverage Test immediately prior to the service of such Notice to Pay minus an amount equal to the aggregate True Balance of Loans sold to fund or replenish the Supplemental Liquidity Reserve Ledger; **provided that**,

in each case, such amount shall be equal to at least 5% of the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on each relevant Calculation Date.

Supplemental Liquidity Available Amount means: (i) prior to the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount minus, if a Supplemental Liquidity Event has occurred that is continuing, an amount equal to the aggregate True Balance of Loans sold to fund or replenish the Supplemental Liquidity Reserve Ledger, unless otherwise proposed to the Relevant Rating Agencies; and (ii) following the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount.

Amortisation Test

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

The **Amortisation Test Aggregate Loan Amount** will be calculated on each Calculation Date as follows:

$$A + B + C\ -\ Y - Z$$

where:

A = the aggregate **Amortisation Test True Balance** of each Loan, which shall be the lower of (a) the actual True Balance of the relevant Loan as calculated on the relevant Calculation Date multiplied by M and (b) 100% of the Indexed Valuation multiplied by M.

Where for all the Loans that are less than three months in arrears or not in arrears, M = 1 or for all the Loans that are three months or more in arrears, M = 0.7;

B = the sum of the amount of any cash standing to the credit of any GIC Account and any amount equal to the amounts deposited in the Collateralised GIC Account comprising the Designated Collateral Amount and the principal amount of any Authorised Investments (excluding any Revenue Receipts received in the immediately preceding Calculation Period);

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

Y = an amount equal to the Supplemental Liquidity Reserve Amount; and

Z = the weighted average remaining maturity of all Covered Bonds then outstanding ***multiplied by*** the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds ***multiplied by*** the Negative Carry Factor.

Sale of Selected Loans and their Related Security if the Pre-Maturity Test is breached

The LLP Deed provides for sales of Selected Loans and their Related Security in certain 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 Hard Bullet Covered Bond is due for repayment within a specified period of time thereafter (see further "*Credit Structure—Pre-Maturity Liquidity*" below). The LLP will be obliged to sell the Selected Loans and their Related Security to Purchasers, subject to the rights of pre-emption enjoyed by the Sellers to buy the Selected Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement, in accordance with the procedure summarised in "*—Method of Sale of Selected Loans*" below and subject to any Revenue Receipts and Principal Receipts standing to the credit of the GIC Account, any Cash Capital Contribution or Loan repurchase made by the Members or any Intercompany Loan funded by the issue of Soft Bullet Covered Bonds by the Issuer. If the Issuer and the LLP fail to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof, then following the service of a Notice to Pay on the LLP, the proceeds from any sale of Selected Loans or any amounts 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—Pre-Maturity Liquidity*" below.

Sale of Selected Loans and their Related Security following service of an Asset Coverage Test Breach Notice

After service of an Asset Coverage Test Breach Notice (which has not been revoked) or the service of a Notice to Pay and prior to service of an LLP Acceleration Notice, the LLP will be obliged to sell Selected Loans 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 buy the Selected Loans and their Related Security pursuant to the Mortgage Sale Agreement and subject to any Cash Capital Contribution made by the Members. The proceeds from any such sale or refinancing will be credited to the relevant GIC Account or the Collateralised GIC Account, as applicable and applied as set out in the Priorities of Payments (see "*Cash flows—Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice*" below).

Sale of Selected Loans and their Related Security following service of a Notice to Pay

After a Notice to Pay has been served on the LLP but prior to 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 Loans 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 buy the Selected Loans and their Related Security pursuant to the Mortgage Sale Agreement. The proceeds from any such sale or refinancing will be credited to the relevant GIC Account or the Collateralised GIC Account, as applicable and applied as set out in the Guarantee Priority of Payments.

Sale of Selected Loans and their Related Security if a Supplemental Liquidity Event has occurred

If a Supplemental Liquidity Event has occurred that is continuing, then the LLP is permitted (but not required) to sell Selected Loans with the aim to fund or replenish the Supplemental Liquidity Reserve Ledger, provided that the aggregate True Balance of Selected Loans sold shall not exceed the Supplemental Liquidity Reserve Amount and provided further that the balance of the Supplemental Liquidity Reserve Ledger shall not exceed the Supplemental Liquidity Available Amount. If, during any LLP Payment Period, the LLP is permitted to sell such Selected Loans, the LLP shall ensure that any Selected Loans to be sold in these circumstances are selected on a random basis.

Method of Sale of Selected Loans

If the LLP is required or permitted to sell Selected Loans and their Related Security to Purchasers following a breach of the Pre-Maturity Test, the service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay, the LLP will be required to ensure that before offering Selected Loans for sale:

(a) the Selected Loans have been selected from the Portfolio on a random basis as described in the LLP Deed; and

(b) the Selected Loans have an aggregate True Balance in an amount (the **Required True Balance Amount**) that is as close as possible to the amount calculated as follows:

(i) following the Service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay), such amount that would ensure that, if the Selected Loans were sold at their True Balance plus the

Arrears of Interest and Accrued Interest thereon, the Asset Coverage Test would be satisfied on the next Calculation Date taking into account the payment obligations of the LLP on the Payment Date following that Calculation Date (assuming for this purpose that the Asset Coverage Test Breach Notice is not revoked on the next Calculation Date); or

(ii) following a breach of the Pre-Maturity Test or service of a Notice to Pay:

$$N \times \frac{\text{True Balance of all the Loans in the Portfolio less the Supplemental Liquidity Available Amount}}{\text{The Sterling Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where "N" is an amount equal to:

- in respect of Selected Loans being sold following a breach of the Pre-Maturity Test, the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds less amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds that mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds; or

- in respect of the Selected Loans being sold following the service of a Notice to Pay, the Sterling Equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of any GIC Account and the Collateralised GIC Account and the principal amount of any Authorised Investments (excluding all amounts to be applied on the next 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 that mature prior to or on the same date as the relevant Series of Covered Bonds).

The LLP will offer the Selected Loans and their Related Security for sale to Purchasers for the best price reasonably available but in any event:

(a) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), for an amount not less than the True Balance of the Selected Loans plus the Arrears of Interest and Accrued Interest thereon; and

(b) following a breach of the Pre-Maturity Test or a service of a Notice to Pay, for an amount not less than the Adjusted Required Redemption Amount.

Following a breach of the Pre-Maturity Test or a the service of a Notice to Pay, if the Selected Loans 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 that is six months prior to, as applicable, (i) in respect of Covered Bonds that are not subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Final Maturity Date (ii) in respect of a sale in connection with the Pre-Maturity Test, the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds or (iii) in respect of Covered Bonds that 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 will offer the Selected Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

Following the service of a Notice to Pay, in addition to offering Selected Loans 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 Loans, in accordance with the provisions summarised above, in respect of other Series of Covered Bonds.

The LLP is also permitted to offer for sale to Purchasers a Partial Portfolio. Except in circumstances where the portfolio of Selected Loans 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 (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 Loans.

The LLP 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 Loans (if such terms are commercially available in the market) and to advise it in relation to the sale of the Selected Loans to Purchasers (except where the Seller is buying the Selected Loans in accordance with their right of pre-emption in 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.

In respect of any sale or refinancing of Selected Loans and their Related Security following service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay, the LLP will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Loans 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 Loans (which shall give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee. The Security Trustee will not be required to release the Selected Loans 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.

Following the service of a Notice to Pay, if Purchasers accept the offer or offers from the LLP so that some or all of the Selected Loans shall be sold prior to the next following Final Maturity Date of the Hard Bullet Covered Bonds or, as applicable, 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 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 in respect of the Loans and the Related Security unless expressly agreed by the Security Trustee or otherwise agreed with the Seller.

In addition, if during any LLP Payment Period, the LLP is permitted to sell Selected Loans where a Supplemental Liquidity Event has occurred, the LLP shall ensure that any Selected Loans to be sold are selected on a random basis.

Covenants of the LLP and the Members

Each of the Members has covenanted that, subject to the terms of the Transaction Documents, it will not sell, transfer, convey, create or permit to arise any security interest on, declare a trust over, create any beneficial interest in or otherwise dispose of its interest in the LLP without the prior written consent of the LLP and, whilst the Covered Bonds are outstanding, the Security Trustee. Whilst any amounts are outstanding in respect of the Covered Bonds, each of the Members undertakes not to terminate or purport to terminate the LLP or institute any winding-up, administration, insolvency or similar proceedings against the LLP.

The LLP has covenanted 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 from and including the date on which the Issuer is admitted to the register of issuers pursuant to Regulation 14 of the RCB Regulations it will:

(a) ensure that the Asset Pool will only comprise those assets set out in items (a) to (h) of Regulation 3(1) (Asset Pool) of the RCB Regulations;

(b) ensure that the Loans and the Related Security, the Substitution Assets and the Authorised Investments contained in the Asset Pool comply with the definition of "eligible property" in Regulation 2 (Eligible Property) of the RCB Regulations;

(c) 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) as prescribed by Regulation 3(2) of the RCB Regulations; and

(d) at all times comply with its obligations under the RCB Regulations and/or the RCB Sourcebook.

Limit on Investing in Substitution Assets

Prior to the service of an Asset Coverage Test Breach Notice (if not revoked) or 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 LLP Accounts in Substitution Assets, provided that the aggregate amount so invested in Substitution Assets does not exceed 10% of the total assets of the LLP at any one time and provided that such investments are made in accordance with the terms of the Cash Management Agreement. Depositing such amounts in any LLP Account will not constitute an investment in Substitution Assets for these purposes.

Following service of an Asset Coverage Test Breach Notice (if not revoked) or 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 relevant GIC Account and the LLP will be permitted to invest all available moneys in Authorised Investments, provided that such investments are made in accordance with the terms of the Cash Management Agreement.

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 "*Cash flows*" below.

The LLP Management Committee, comprised, as at the date of this Base Prospectus, directors, officers and/or employees of Nationwide Building Society, 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 requires a unanimous decision of the Members) the Members delegate all matters. Any decision by the LLP Management Committee relating to the admission of a New Member, any change in the LLP's business, any change to the LLP's name and any amendment to the LLP Deed, will be made, whilst any Covered Bonds are outstanding, with the consent of the Security Trustee.

For so long as any Covered Bonds are outstanding, each Member has agreed that it will not terminate or purport to terminate the LLP or institute any winding-up, administration, insolvency or other similar proceedings against the LLP. Furthermore, the Members have agreed *inter alia* not to demand or receive payment of any amounts payable by the LLP (or the Cash Manager on its behalf) or the Security Trustee unless all amounts then due and payable by the LLP to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full.

Each Member will be responsible for the payment of its own tax liabilities and will be required to indemnify the LLP and the other Members from any liabilities that 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 and any non-contractual obligations arising out of or in connection with it are governed by English law.

Cash Management Agreement

The Cash Manager provides certain cash management services to the LLP pursuant to the terms of the Cash Management Agreement entered into on the Initial Programme Date as amended and restated on 27 November 2006, 30 November 2007, 30 April 2008, 3 July 2009, 18 December 2009, 1 July 2016, 15 July 2019 and 12 February 2021 between the LLP, Nationwide Building Society in its capacity as the Cash Manager, the Security Trustee and the and the Back-Up Cash Manager Facilitator. However, if after using their best endeavours to identify and appoint a suitable back-up cash manager, the Cash Manager and the LLP are unable to find a suitable third party willing to act as back-up cash manager, this shall not constitute a breach of such covenant.

The Cash Manager's services include but are not limited to:

(a) maintaining the Ledgers on behalf of the LLP;

(b) maintaining records of all Authorised Investments and/or Substitution Assets, as applicable in accordance with Regulation 3(2) of the RCB Regulations;

(c) distributing the Revenue Receipts and the Principal Receipts in accordance with the Priorities of Payment described under "*Cash flows*", below;

(d) determining whether the Asset Coverage Test is satisfied on each Calculation Date 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 London 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*";

(g) providing information on the composition of any Substitute Assets and/or Authorised Investments comprised in the assets of the LLP and/or such other information as may be required in accordance with the RCB Regulations;

(h) preparation of Investor Reports for, among others, the Issuer, the Relevant Rating Agencies and the Bond Trustee; and

(i) identifying (prior to any such deposit) and recording amounts deposited in the Collateralised GIC Account as either a Designated Mortgages Amount or a Designated Collateral Amount (see "—*Collateral Posting*" below).

Collateral Posting

The Cash Manager will, if it is depositing Deposit Non-Reserved Amounts into the Collateralised GIC Account where Nationwide Building Society is the Account Bank and ceases to have the Account Bank Required Ratings, from time to time identify and record amounts deposited in the Collateralised GIC Account as either a Designated Mortgages Amount or a Designated Collateral Amount. Swap Collateral amounts relating to (i) a Covered Bond Swap Agreement and deposited in the Collateralised GIC Account shall be identified and recorded only as part of a Designated Collateral Amount and recorded on the relevant Designated Covered Bond Swap Collateral Ledger and/or (ii) an Interest Rate Swap Agreement and deposited in the Collateralised GIC Account shall be identified and recorded only as part of a Designated Collateral Amount and recorded on the relevant Designated Interest Rate Swap Collateral Ledger, and in both cases may not be recorded as part of a Designated Mortgages Amount.

The sum of the Designated Mortgages Amount and the Designated Collateral Amount shall be equal to the amount standing to the credit of the Collateralised GIC Account plus, if applicable, any amounts identified by the Cash Manager as being required to be deposited in the Collateralised GIC Account but which have not yet been so deposited. If the Cash Manager designates a Designated Mortgages Amount in an amount greater than zero, the Cash Manager shall ensure that the Designated Mortgages Amount is at all times less than or equal to the Available Mortgage Collateral Amount calculated on the immediately preceding Calculation Date.

The Cash Manager shall, before depositing any funds into the Collateralised GIC Account, identify the amounts required to be collateralised by the posting of eligible collateral under the Collateral Agreement and notify Nationwide Building Society as GIC Provider of the Designated Collateral Amount.

Any amounts representing Available Principal Receipts (for the purposes of this paragraph only, the **Principal Amount**) and Available Revenue Receipts that cannot be withdrawn from the Collateralised GIC Account whilst such amounts are collateralised (including, without limitation, in the event of a moratorium arising upon the insolvency, building society insolvency, administration or building society special administration of Nationwide Building Society or the Society being unable to pay these amounts) shall cease to constitute Available Principal Receipts or Available Revenue Receipts, respectively, and shall not be available to be applied in accordance with the applicable Priority of Payments; provided that any amounts recovered in respect of such principal amounts from realisation of the related Custody Collateral shall constitute Available Principal Receipts, save to the extent that any related Excess Collateral shall be paid to the GIC Provider and shall not constitute Available Principal Receipts, (up to an amount equal to the Principal Amount) and thereafter shall constitute Available Revenue Receipts, and any amounts subsequently recovered in respect of such revenue amounts and amounts of interest from the realisation of the related Custody Collateral shall constitute Available Revenue Receipts, save to the extent that any related Excess Collateral shall be paid to the GIC Provider and shall not constitute Available Revenue Receipts. For the avoidance of doubt, Swap Collateral shall be excluded from the calculations of and shall not constitute Available Principal Receipts or Available Revenue Receipts. Amounts recovered

from the Collateralised GIC Account (and for the avoidance of doubt, excluding any recoveries made in respect of any Custody Collateral) shall constitute Available Revenue Receipts.

Back-up Cash Manager

The Cash Manager and the LLP each covenant that, on the Cash Manager ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by S&P of at least BBB- or by Fitch of at least BBB- or upon the Cash Manager ceasing to be assigned a long-term counterparty risk assessment by Moody's of at least Baa3(cr) (in each case, provided that such rating by S&P, Fitch and/or Moody's shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding) (a **Back-Up Cash Manager Event**), they will use best endeavours (with, in the case of the LLP, the assistance of the Back-Up Cash Manager Facilitator) to identify and appoint a suitable third party to act as back-up or stand-by cash manager to the Cash Manager and to undertake back-up cash management services to the LLP within 60 days of such Back-Up Cash Manager Event.

Any Back-Up Cash Manager appointed on or after a Back-Up Cash Manager Event will be paid a fee with regard to the services it performs as agreed separately between the Issuer and the Back-Up Cash Manager (the **Back-Up Cash Manager Fee**). The amount of the Back-Up Cash Manager Fee will be added to the fees and costs that are payable to the Cash Manager in accordance with the relevant Priorities of Payment and the Cash Management Agreement, and the Cash Manager shall promptly, following receipt of such amount, pay the Back-Up Cash Manager Fee to the Back-Up Cash Manager or direct the LLP to pay such amounts directly to the Back-Up Cash Manager.

Back-up Cash Manager Facilitator

The LLP has appointed the Back-Up Cash Manager Facilitator as its agent, following the earlier to occur of a Back-Up Cash Manager Event and a Cash Manager Termination, in conjunction with the Cash Manager or, as applicable, the LLP, use best endeavours to identify, on behalf of the LLP, a suitable entity to provide, in the case of a Cash Manager Termination, cash management services to the LLP or, in the case of a Back-Up Cash Manager Event, back-up or stand-by cash management services to the Cash Manager in accordance with the terms of the Cash Management Agreement.

Termination

In certain circumstances the LLP and the Security Trustee will 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). If the LLP or the Cash Manager (acting on its behalf) determines there is not a substitute cash manager that is willing to enter into a replacement cash management agreement with terms substantially similar to those set out in the Cash Management Agreement for a commercially reasonable fee taking into account prevailing market conditions, a replacement agreement may be entered into on reasonable commercial terms taking into account the then prevailing market conditions if the LLP or the Cash Manager certifies in writing to the Bond Trustee and the Security Trustee that the terms upon which it is proposed the back-up, stand-by or replacement cash manager will be appointed are reasonable commercial terms taking into account the then prevailing current market conditions.

In addition, the appointment of the Cash Manager may be terminated upon the expiry of not less than 60 days' written notice of termination given by the Cash Manager to the LLP, the Back-Up Cash Manager Facilitator, the Security Trustee and the Bond Trustee provided that a third party has been appointed to provide cash management services to the LLP, either pursuant to any back-up cash management agreement as contemplated under the terms of the Cash Management Agreement or otherwise, and that such appointment is effective on and from the date of such termination.

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Interest Rate Swap Agreement

Some of the Loans in the Portfolio pay a variable rate of interest for a period of time that may be linked either to the Seller's Standard Variable Rate or linked to an interest rate other than the Seller's Standard Variable Rate, such as a rate that tracks the Bank of England base rate. Other Loans pay a fixed rate of interest for a period of time. However, the Sterling payments to be made by the LLP under the Covered Bond Swaps or the Term Advances under the Intercompany Loan Agreement are based on a compounded daily SONIA rate for the relevant calculation period. To provide a hedge against the possible variance between:

(a) the rates of interest payable on the fixed rate loans, the BMR Loans, the SMR Loans and a certain percentage of tracker rate loans in the Portfolio; and

(b) a compounded daily SONIA rate for the relevant calculation period,

the LLP, the Interest Rate Swap Provider and the Security Trustee have entered into the Interest Rate Swap Agreement on or about the Initial Programme Date (as amended and/or supplemented and/or restated from time to time) and the Interest Rate Swaps (which, as per the definition of such term in the "*Glossary*" section below, means the Jumbo Interest Rate Swaps) thereunder.

Jumbo Interest Rate Swaps

Each of the Jumbo Interest Rate Swaps (which, as per the definition of such term in the "*Glossary*" section below, means the Interest Rate Swap (BMR), the Interest Rate Swap (Fixed), the Interest Rate Swap (SMR) and the Interest Rate Swap (Tracker)) has a notional amount, for each Calculation Period, equal to:

- in respect of the Interest Rate Swap (Fixed), the aggregate True Balance of all fixed rate loans in the Portfolio on the first day of such Calculation Period;
- in respect of the Interest Rate Swap (BMR), the aggregate True Balance of all BMR Loans in the Portfolio on the first day of such Calculation Period;
- in respect of the Interest Rate Swap (SMR), the aggregate True Balance of all SMR Loans in the Portfolio on the first day of such Calculation Period; and
- in respect of the Interest Rate Swap (Tracker), the excess (if any) of the aggregate True Balance of all tracker rate loans in the Portfolio over an amount equal to 10% (or such lower percentage as may be agreed between the LLP and the relevant Interest Rate Swap Provider from time to time) of the aggregate True Balance of all Loans in the Portfolio, in each case, on the first day of such Calculation Period,

each such amount being a **Jumbo Interest Rate Swap Notional Amount**.

Under each Jumbo Interest Rate Swap, for each Calculation Period, the following amounts will be calculated:

- the amount produced by applying a compounded daily SONIA rate for the relevant calculation period plus a spread (as specified in the relevant Jumbo Interest Rate Swap, or as subsequently specified as the spread applicable to the relevant Jumbo Interest Rate Swap in the most recent Final Terms of any Series of Covered Bonds issued, or as may otherwise be agreed between the LLP and relevant Interest Rate Swap Provider subject to (i) minimum yield protections, (ii) such revised spread not resulting in an Interest Rate Shortfall and (iii) Rating Agency Confirmation that such revised spread will not result in the then current ratings of the Covered Bonds being adversely affected or withdrawn) relating to that Calculation Period to the Jumbo Interest Rate Swap Notional Amount of such Jumbo Interest Rate Swap (known as the **Interest Rate Swap Provider Amount**); and
- the amount produced by applying a rate of interest equal to:

(i) in respect of the Interest Rate Swap (BMR):

(A) for so long as Nationwide Building Society is the Servicer in respect of the BMR Loans, the weighted average (by True Balance) of the rates of interest, linked to a standard variable rate charged to borrowers of such BMR Loans; and

(B) otherwise, the average of the standard variable mortgage rate or its equivalent charged to existing borrowers on residential mortgage loans, as at the first day of such Calculation Period, after excluding the highest and the lowest rate, of the Reference Lenders (and where those banks or building societies have more than one standard variable mortgage rate, the highest of those rates) provided that each such standard variable mortgage rate or its equivalent shall be subject to a cap of Bank of England base rate plus 2.60%;

(ii) in respect of the Interest Rate Swap (SMR):

(A) for so long as Nationwide Building Society is the Servicer in respect of the SMR Loans, the weighted average (by True Balance) of the rates of interest, linked to a standard variable rate charged to borrowers of such SMR Loans; and

(B) otherwise, the average of the standard variable mortgage rate or its equivalent charged to existing borrowers on residential mortgage loans, as at the first day of such Calculation Period, after excluding the highest and the lowest rate, of the Reference Lenders (and where those banks or building societies have more than one standard variable rate, the highest of those rates);

(iii) in respect of the Interest Rate Swap (Tracker), the weighted average (by True Balance) of the rates of interest, linked to the Bank of England base rate charged to borrowers of the tracker rate loans; and

(iv) in respect of the Interest Rate Swap (Fixed), the weighted average (by True Balance) of the rates of interest charged to borrowers of the fixed rate loans,

in each case, for such Calculation Period to the relevant Jumbo Interest Rate Swap Notional Amount for such Calculation Period (known as the **LLP Amount**).

On each Calculation Date preceding each LLP Payment Date, the following amounts will be calculated in respect of each Jumbo Interest Rate Swap:

- the relevant Interest Rate Swap Provider Amount for the preceding Calculation Period; and
- the relevant LLP Amount for the preceding Calculation Period.

If the amount available pursuant to the relevant Priority of Payments to make payments under all of the Jumbo Interest Rate Swaps is less than the aggregate of all LLP Amounts under the Jumbo Interest Rate Swaps, then each LLP Amount will be *pro rata* reduced by reference to such available amount (such that the aggregate of the LLP Amounts as so reduced equals the amount available pursuant to the relevant Priority of Payments to make payments under all of the Jumbo Interest Rate Swaps) and each relevant shortfall will be carried over to the next Calculation Period under each such Jumbo Interest Rate Swap. A corresponding adjustment will be made to each relevant Interest Rate Swap Provider Amount.

After these two amounts are calculated in relation to each Jumbo Interest Rate Swap for an LLP Payment Date, the following payments will be made on that LLP Payment Date under each such Jumbo Interest Rate Swap (subject to payment netting between amounts payable on the same day and in the same currency under any other Interest Rate Swap governed by the same Interest Rate Swap Agreement):

- if the first amount is greater than the second amount, then the Interest Rate Swap Provider will pay the difference to the LLP;

- if the second amount is greater than the first amount, then the LLP will pay the difference to the Interest Rate Swap Provider; and

- if the two amounts are equal, neither party will make a payment to the other.

Subject to the early termination provisions of the Interest Rate Swap Agreement as outlined below, the Jumbo Interest Rate Swaps will each terminate on the earlier of the date on which the aggregate True Balance of all Loans in the Portfolio is reduced to zero and the Principal Amount Outstanding of all outstanding Covered Bonds is reduced to zero.

In the event that the relevant ratings of the Interest Rate Swap Provider, or any guarantor, as applicable, is or are, as applicable, downgraded by a Relevant Rating Agency below the ratings specified in the Interest Rate Swap Agreement (which are in accordance with the minimum ratings specified in the relevant ratings criteria of the Relevant Rating Agencies) for the Interest Rate Swap Provider, the Interest Rate Swap Provider will be required to take certain remedial measures which may include providing collateral for its obligations, arranging for its obligations to be transferred to an entity with ratings required by the Relevant Rating Agency, procuring another entity with rating(s) required by the Relevant Rating Agency to become co-obligor or guarantor in respect of its obligations, or taking such other action that will result in the rating of the Covered Bonds being maintained at, or restored to, the level in effect immediately prior to the downgrade. A failure to take such steps will allow the LLP to terminate the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement may also be terminated in certain other circumstances (each referred to as an **Interest Rate Swap Early Termination Event**), including:

- at the option of any party to the Interest Rate Swap Agreement, if there is a failure by the other party to pay any amounts due under the Interest Rate Swap Agreement (for the avoidance of doubt, no such failure to pay by the Issuer will entitle the Interest Rate Swap Provider to terminate the Interest Rate Swap Agreement, if such failure is due to the assets available at such time to the LLP being insufficient to make the required payment in full); and

- upon the occurrence of the insolvency of the Interest Rate Swap Provider, or any guarantor and certain insolvency-related events in respect of the LLP, or the merger of the Interest Rate Swap Provider without an assumption of the obligations under the Interest Rate Swap Agreement.

Upon the termination of the Interest Rate Swap Agreement pursuant to an Interest Rate Swap Early Termination Event, the LLP or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement.

If withholding taxes are imposed on payments made by the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the Interest Rate Swap Provider shall always be obliged to gross up these payments save where such payments are imposed pursuant to FATCA. If withholding taxes are imposed on payments made by the LLP to the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the LLP shall not be obliged to gross up those payments.

In relation to the Jumbo Interest Rate Swaps, if the LLP is required or permitted to sell Selected Loans in the Portfolio (i) following service of an Asset Coverage Test Breach Notice, (ii) in order to provide liquidity in respect of any Series of Hard Bullet Covered Bonds or for the purposes of funding or replenishing the Supplemental Liquidity Reserve Ledger, in either case following breach of the Pre-Maturity Test or (iii) following service of a Notice to Pay, then, to the extent that such Selected Loans include fixed rate loans, the LLP may either:

(a) require, by written notice to the Interest Rate Swap Provider given not more than 20 and not less than five local Business Days in advance of the date of the relevant sale that the Interest Rate Swap (Fixed) in connection with such Selected Loans will partially terminate and any breakage costs payable by or to the LLP in connection with

such termination will be taken into account in calculating the Adjusted Required Redemption Amount for the sale of the Selected Loans; or

(b) with the prior written consent of the Interest Rate Swap Provider partially novate the Interest Rate Swap (Fixed) to the Purchaser of such Selected Loans, such that each Purchaser of Selected Loans will thereby become party to a separate interest rate swap transaction with the Interest Rate Swap Provider.

Under the Interest Rate Swap Agreement, the LLP's obligations are limited in recourse to the Charged Property.

The Interest Rate Swap Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Covered Bond Swap Agreements

The LLP has entered into one or more Covered Bond Swaps with one or more Covered Bond Swap Providers and the Security Trustee. Each Covered Bond Swap will provide a hedge against certain interest rate and currency risks in respect of amounts received by the LLP under the Loans and the Interest Rate Swaps and amounts payable by the LLP under the Intercompany Loan Agreement (prior to the service of a Notice to Pay on the LLP) and under the Covered Bond Guarantee in respect of Covered Bonds (after the service of a Notice to Pay on the LLP).

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds. In respect of each Series or Tranche of the Covered Bonds, the LLP may enter into (a) one or more basis swap transactions (each, a **Basis Covered Bond Swap**) and/or (b) one or more interest rate swap transactions (each, an **Interest Rate Covered Bond Swap**), each with the same Covered Bond Swap Provider and in respect of the same aggregate notional amount, being the aggregate Principal Amount Outstanding on the Issue Date of the applicable Series or Tranche of Covered Bond.

Under each Basis Covered Bond Swap, the LLP will pay to the relevant Covered Bond Swap Provider on the relevant Issue Date a portion of the amount received by the LLP under the applicable Term Advance (being an amount equal to the relevant portion of the Principal Amount Outstanding on the Issue Date of such Series or Tranche, as applicable, of Covered Bonds) and in return the Covered Bond Swap Provider will pay an amount equal to the Sterling Equivalent of such amount of the applicable Term Advance.

Pursuant to the Basis Covered Bond Swap (if any) and the Interest Rate Covered Bond Swap (if any) in relation to a Series or Tranche of Covered Bonds (after giving effect to any payment netting provisions), the Covered Bond Swap Provider will pay monthly, quarterly or annually to the LLP an amount in the Specified Currency equivalent to the amounts payable on such Interest Payment Date by the LLP under either the applicable Term Advance (or the relevant portion thereof) in accordance with the terms of the Intercompany Loan Agreement, as the case may be, or the Covered Bond Guarantee in respect of interest and/or principal payable under the relevant Series or Tranche of Covered Bonds (or the relevant portion thereof). In return, the LLP will pay monthly to the Covered Bond Swap Provider an amount in Sterling calculated by reference to a compounded daily SONIA rate for the relevant calculation period (as applicable) plus a spread and the Sterling Equivalent of any such principal due in respect of the relevant Term Advance in accordance with the Intercompany Loan Agreement or the Covered Bond Guarantee (see "*Cash flows*").

If prior to the Final Maturity Date in respect of the relevant Series or Tranche of Covered Bonds or (if an Extended Due for Payment Date is specified as applicable in the Final Terms for a Series of Covered Bonds and the payment of the amount corresponding to the Final Redemption Amount or any part of it by the LLP under the Covered Bond Guarantee is deferred until the relevant Extended Due for Payment Date pursuant to Condition 6.1 (Final redemption) of the Terms and Conditions of the Covered Bonds) any Interest Payment Date thereafter up to (and including) the relevant Extended Due for Payment Date, the LLP notifies (pursuant to the terms of the Basis Covered Bond Swap) the relevant Covered Bond Swap Provider of the amount in the Specified Currency to be paid by the Covered Bond Swap Provider on such Final Maturity Date or Interest Payment Date (such amount being equal to the relevant portion of the Final Redemption Amount payable by the LLP on such Final Maturity Date or Interest Payment Date under the Covered Bond Guarantee in respect of the relevant Series or Tranche of Covered Bonds), the Covered Bond Swap Provider will pay the LLP such

amount and the LLP will pay the Covered Bond Swap Provider the Sterling Equivalent of such amount. Further, if on any day an Early Redemption Amount is payable pursuant to Condition 9.2 (LLP Events of Default), the Covered Bond Swap Provider will pay the LLP such amount (or the relevant portion thereof) and the LLP will pay the Covered Bond Swap Provider the Sterling Equivalent thereof, following which the notional amount of the relevant Covered Bond Swaps will reduce accordingly.

Subject to the early termination provisions of the relevant Covered Bond Swap Agreement as outlined below, each Basis Covered Bond Swap will terminate on the earlier of: (i) the date on which the relevant Series of the Covered Bonds is redeemed pursuant to Condition 9.2 (LLP Events of Default); (ii) the relevant Final Maturity Date; (iii) the final date on which the Security Trustee distributes the proceeds of the Security in accordance with the Post-Enforcement Priority of Payments following the enforcement of the Security pursuant to Condition 9.3 (Enforcement); or (iv) (if an Extended Due for Payment Date is specified as applicable in the Final Terms for a Series of Covered Bonds and the payment of the amount corresponding to the Final Redemption Amount or any part of it by the LLP under the Covered Bond Guarantee is deferred until the relevant Extended Due for Payment Date pursuant to Condition 6.1 (Final redemption) of the Covered Bonds) the earlier of (a) the relevant Extended Due for Payment Date and (b) the Interest Payment Date on which the relevant Series or Tranche of Covered Bonds is redeemed in full.

Each Interest Rate Covered Bond Swap will terminate in accordance with the termination provisions of the relevant Covered Bond Swap Agreement.

In respect of a Series or Tranche of Covered Bonds, the LLP may enter into a single Covered Bond Swap with provisions and cash flows that reflect the Basis Covered Bond Swap and Interest Rate Covered Bond Swap described above.

In respect of certain Covered Bond Swap Agreements, the Covered Bond Swap Provider may be required to provide collateral (in addition to the Relevant Rating Agency collateral posting requirements detailed below) in an amount equal to the mark-to-market value of the relevant Covered Bond Swap.

Under the terms of each Covered Bond Swap Agreement, in the event that the relevant rating of the Covered Bond Swap Provider is downgraded by a Relevant Rating Agency below the rating(s) specified in the relevant Covered Bond Swap Agreement (which generally are in accordance with the minimum ratings specified in the relevant ratings criteria of the Relevant Rating Agencies at the time of entry into such Covered Bond Swap Agreement) for the Covered Bond Swap Provider, and, where applicable, as a result of the downgrade, the then current ratings of the Covered Bonds would or may, as applicable, be adversely affected, the Covered Bond Swap Provider will, in accordance with the relevant Covered Bond Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Covered Bond Swap Agreement, arranging for its obligations under the Covered Bond Swap Agreement to be transferred to an entity with the ratings required by the Relevant Rating Agency, procuring another entity with the ratings required by the Relevant Rating Agency to become co-obligor in respect of its obligations under the Covered Bond Swap Agreement, or taking such other action as will result in the rating of the Covered Bonds being maintained at, or restored to, the level in effect immediately prior to the downgrade. A failure to take such steps will allow the LLP to terminate the Covered Bond Swaps entered into under that Covered Bond Swap Agreement (provided in certain circumstances that a replacement Swap Provider has been found).

A Covered Bond Swap Agreement may also be terminated in certain other circumstances (each referred to as a **Covered Bond Swap Early Termination Event**), including:

- at the option of any party to the Covered Bond Swap Agreement, if there is a failure by the other party to pay any amounts due under such Covered Bond Swap Agreement (for the avoidance of doubt, no such failure to pay by the Issuer will entitle the relevant Covered Bond Swap Provider to terminate the Covered Bond Swap Agreement, if such failure is due to the assets available at such time to the LLP being insufficient to make the required payment in full); and

- upon the occurrence of the insolvency of the relevant Covered Bond Swap Provider or any guarantor, and certain insolvency-related events in respect of the LLP or the merger of the Covered Bond Swap Provider without an assumption of the obligations under the relevant Covered Bond Swap Agreement.

Upon the termination of a Covered Bond Swap Agreement, the LLP or the relevant Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant Covered Bond Swap Agreement. The amount of this termination payment will be calculated and made either in Sterling or, in respect of some Covered Bond Swap Agreements, in the same currency as the Series or Tranche of Covered Bonds to which such Covered Bond Swap Agreement relates.

Any termination payment made by the Covered Bond Swap Provider to the LLP in respect of a Covered Bond Swap Agreement will first be used (prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security) to pay a replacement Covered Bond Swap Provider (or replacement Covered Bond Swap Providers) to enter into a replacement Covered Bond Swap with the LLP, unless a replacement Covered Bond Swap Agreement (or replacement Covered Bond Swap Agreements) has already been entered into on behalf of the LLP. Any premium received by the LLP from a replacement Covered Bond Swap Provider in respect of a replacement Covered Bond Swap will first be used to make any termination payment due and payable by the LLP with respect to the previous Covered Bond Swap Agreement, unless such termination payment has already been made on behalf of the LLP.

If withholding taxes are imposed on payments made by any Covered Bond Swap Provider to the LLP under a Covered Bond Swap Agreement, such Covered Bond Swap Provider shall always be obliged to gross up those payments save where such payments are imposed pursuant to FATCA. If withholding taxes are imposed on payments made by the LLP to the Covered Bond Swap Provider under a Covered Bond Swap Agreement, the LLP shall not be obliged to gross up those payments.

In the event that the Covered Bonds are redeemed and/or cancelled in accordance with the Conditions, the Covered Bond Swap(s) in connection with such Covered Bonds may terminate or partially terminate, as the case may be. Any breakage costs payable by or to the LLP in connection with such termination will be taken into account in calculating:

(a) the Adjustment Required Redemption Amount for the Sale of Selected Loans; and

(b) the purchase price to be paid for the relevant Covered Bonds purchased by the LLP in accordance with Condition 6.6 (Early Redemption Amounts)

Under each Covered Bond Swap Agreement, the LLP's obligations are limited in recourse to the Charged Property. To the extent that the LLP is unable to make any payment in full under any Covered Bond Swap due to its assets being insufficient to make such payment in full, the relevant Covered Bond Swap Provider's payment obligations will rateably reduce.

The Covered Bond Swap Agreements and any non-contractual obligations arising out of or in connection with them are (or, as applicable, will be) governed by English law.

Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement entered into on the Initial Programme Date between the LLP, the Account Bank, the Cash Manager and the Security Trustee, the LLP will maintain with the Account Bank the accounts described below, which will be operated in accordance with the Cash Management Agreement, the LLP Deed and the Deed of Charge:

(a) the GIC Account into which amounts may be deposited by the LLP (including, following the occurrence of an Issuer Event of Default which is not cured within the applicable grace period, all amounts received from Borrowers in respect of Loans in the Portfolio). On each LLP Payment Date, as applicable, amounts required to meet the LLP's various creditors and amounts to be distributed to the Members under the LLP Deed will be transferred to the Transaction Account (to the extent maintained);

(b) the Transaction Account (if such account is maintained) into which moneys standing to the credit of the GIC Account will be transferred on each LLP Payment Date and applied by the Cash Manager in accordance with the Priorities of Payments described below under "*Cash flows*"; and

(c) the Collateralised GIC Account (if such account is maintained) into which Deposit Non-Reserved Amounts may be deposited, if Nationwide Building Society, as the entity which maintains the GIC Account, is rated below the Account Bank Required Rating and provided that such amounts are collateralised by mortgages (the **Designated Mortgages Amount**) or securities (the **Designated Collateral Amount**) in accordance with the provisions of the Cash Management Agreement and, in the case of any Designated Collateral Amount, the Collateral Agreement. On any date upon which payment is due, amounts required to meet the Issuer's obligations to its various creditors are transferred to the Transaction Account.

If (i) the "Issuer Credit Ratings" and the "Reference Rating Level" of the Account Bank fall below A long-term by S&P or (ii) both the senior unsecured debt ratings and the "Deposit ratings" of the Account Bank fall below P-1 short term or A2 long-term, as applicable, by Moody's or (iii) the "Issuer Default Ratings" of the Account Bank fall below F1 short-term and the "Deposit Ratings" or (when a "Deposit Rating" is not assigned or not applicable) the "Issuer Default Ratings" of the Account Bank fall below A long-term by Fitch (in each case, provided that such ratings by S&P, Moody's and/or Fitch shall not apply to the extent (A) such agency does not maintain ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and (B) there are no Covered Bonds issued prior to such date which are still outstanding) (collectively, the **Account Bank Required Ratings**), then either:

- the GIC Account and the Transaction Account (to the extent maintained) will be closed and all amounts standing to the credit thereof shall be transferred to accounts held with a satisfactorily rated bank; or

- the Account Bank will obtain an unconditional and unlimited guarantee of its obligations under the Bank Account Agreement from a satisfactorily rated financial institution.

Notwithstanding the foregoing, in the event that Nationwide Building Society as Account Bank with respect to the Collateralised GIC Account does not have ratings at least equal to the Account Bank Required Ratings, the Society may continue to act as Account Bank in respect of the Collateralised GIC Account only and shall not be terminated on the basis of its ratings and it shall continue to operate and receive deposits of Deposit Non-Reserved Amounts and Swap Collateral cash amounts into the Collateralised GIC Account, provided that the conditions set forth in the Cash Management Agreement are met. For so long as the Society's "Issuer Default Ratings" and the "Deposit Ratings" (when a "Deposit Rating" is assigned) remain below BBB- by Fitch (to the extent Fitch maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding), no moneys shall be credited to the Collateralised GIC Account.

The LLP may open additional or replacement bank accounts and custody accounts with Additional Account Banks, the Stand-by Account Bank, the Stand-by GIC Provider, any Additional Stand-by Account Bank or any Additional Stand-by GIC Account Bank subject to the terms set out in the Deed of Charge. Each Additional Account Bank shall enter into an account bank agreement with the LLP, the Cash Manager and the Security Trustee on terms substantially similar to the Bank Account Agreement or, in the case of Swap Collateral posted in the form of securities, in such other form as the Issuer, the Cash Manager, the relevant Account Bank and any applicable Swap Provider may agree, provided that the entry into such agreement will not result in any downgrade of the then current rating of the Covered Bonds.

The Bank Account Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

GIC Collateral Custody Account

Prior to any collateral being posted by the Society pursuant to the Collateral Agreement, the LLP shall instruct the Cash Manager to open a custody account in the name of the LLP with a third party custodian pursuant to an Eligible Custody Arrangement for the purposes of holding such collateral (any such account, a **GIC Collateral Custody Account**). In the event that any such GIC Collateral Custody Account is opened, the LLP, the Cash Manager, Nationwide Building Society

and the Security Trustee will enter into an agreement in respect of such GIC Collateral Custody Account with the LLP on customary market standard terms that will not result in a downgrade, withdrawal or qualification of the then current ratings of the Covered Bonds.

Eligible collateral that is posted to the GIC Collateral Custody Account will be ring-fenced from other Custody Collateral held by the Eligible GIC Custodian.

Collateral Agreement

Prior to the Cash Manager initially depositing amounts into the Collateralised GIC Account which it designates as the Designated Collateral Amount, the LLP and Nationwide Building Society as the entity at which the Collateralised GIC Account is maintained shall have entered into a Collateral Agreement. Prior to the LLP entering into a Collateral Agreement, the Cash Manager shall (on behalf of the LLP) procure an Eligible Custody Arrangement in connection with opening the relevant GIC Collateral Custody Account.

Stand-by Bank Account Agreement

Pursuant to the terms of a stand-by bank account agreement entered into on the Initial Programme Date between the LLP, Citibank, N.A. (the **Stand-by Account Bank**), the Cash Manager and the Security Trustee (the **Stand-by Bank Account Agreement**), the LLP will open with the Stand-by Account Bank a stand-by GIC account (the **Stand-by GIC Account**) and a stand-by transaction account (the **Stand-by Transaction Account**) if the LLP cannot find a replacement account bank in accordance with the terms of the Bank Account Agreement or the Account Bank cannot obtain an unconditional and unlimited guarantee of its obligations or if the Account Bank ceases to maintain the Account Bank Required Ratings, and the Bank Account Agreement is subsequently terminated or if the Bank Account Agreement is terminated for other reasons. The Stand-by GIC Account and the Stand-by Transaction Account will be operated in accordance with the Cash Management Agreement, the LLP Deed and the Deed of Charge.

If the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Stand-by Account Bank fall below A-1 by S&P, P-1 by Moody's or F1 by Fitch (in each case, provided that such rating by S&P, Moody's and/or Fitch shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding), there will be a requirement that the Stand-by Account Bank either be replaced by, or have its obligations guaranteed by, a satisfactorily rated financial institution.

References in this Base Prospectus to the GIC Account or the Transaction Account include references to the Stand-by GIC Account or the Stand-by Transaction Account when the Stand-by GIC Account and the Stand-by Transaction Account become operative.

The Stand-by Bank Account Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Guaranteed Investment Contract

The LLP has entered into a Guaranteed Investment Contract (or **GIC**) with the GIC Provider, the Cash Manager and the Security Trustee on the Initial Programme Date, pursuant to which the GIC Provider has agreed to pay interest on the moneys standing to the credit thereof at specified rates determined in accordance with the GIC.

The Guaranteed Investment Contract and any non-contractual obligations arising out of or in connection with it are governed by English law.

Stand-by Guaranteed Investment Contract

The LLP has entered into a stand-by guaranteed investment contract with Citibank, N.A. (the **Stand-by GIC Provider**) on the Initial Programme Date (the **Stand-by Guaranteed Investment Contract**), pursuant to which the Stand-by GIC

Provider has agreed to pay interest on the Stand-by GIC Account at specified rates determined in accordance with the Stand-by Guaranteed Investment Contract.

The Stand-by Guaranteed Investment Contract and any non-contractual obligations arising out of or in connection with it are governed by English law.

Corporate Services Agreement

The Liquidation Member and Holdings have entered into a Corporate Services Agreement with, *inter alios*, Wilmington Trust SP Services (London) Limited (as Corporate Services Provider) on the Initial Programme Date, pursuant to which the Corporate Services Provider has agreed to provide corporate services to the Liquidation Member and Holdings, respectively.

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Deed of Charge

Pursuant to the terms of the Deed of Charge entered into by the LLP, the Security Trustee and the other Secured Creditors, 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 are 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 Loans, Northern Irish Loans and their Related Security and other related rights comprised in the Portfolio;

(b) an assignment by way of first fixed charge over the rights of the LLP in and to the Insurance Policies;

(c) a Scottish supplemental charge constituting an assignation in security of the LLP's interest in the Scottish Loans and their Related Security (comprising the LLP's beneficial interest under the trusts declared by the Seller pursuant to the Scottish Declarations of Trust);

(d) 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 (other than the Deed of Charge and any Scottish Declaration of Trust) (and, in respect of the Interest Rate Swap Agreement and Covered Bond Swap Agreement, after giving effect to all applicable netting provisions therein);

(e) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the LLP in the LLP Accounts (except for the Covered Bond Swap Collateral Accounts, the Interest Rate Swap Collateral Accounts, the Stand-by Covered Bond Swap Collateral Accounts, the Stand-by Interest Rate Swap Collateral Accounts, the GIC Collateral Custody Account and any amounts standing to the credit of the Collateralised GIC Account that are recorded as a credit on the applicable Designated Covered Bond Swap Collateral Ledger or applicable Designated Interest Rate Swap Collateral Ledger) (including any Excess Proceeds) and any other account of the LLP and all amounts standing to the credit of the LLP Accounts (except for the Covered Bond Swap Collateral Accounts, the Interest Rate Swap Collateral Accounts, the Stand-by Covered Bond Swap Collateral Accounts, the Stand-by Interest Rate Swap Collateral Accounts, the GIC Collateral Custody Account and any amounts standing to the credit of the Collateralised GIC Account that are recorded as a credit on the applicable Designated Covered Bond Swap Collateral Ledger or applicable Designated Interest Rate Swap Collateral Ledger) and such other accounts;

(f) 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 (except for the Covered Bond Swap Collateral Accounts, the Interest Rate Swap Collateral Accounts, the Stand-by Covered Bond Swap Collateral Accounts, the Stand-by Interest Rate Swap

Collateral Accounts, any GIC Collateral Custody Account and any amounts standing to the credit of the Collateralised GIC Account that are recorded as a credit on the applicable Designated Covered Bond Swap Collateral Ledger or applicable Designated Interest Rate Swap Collateral Ledger);

(g) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the LLP in each Covered Bond Swap Collateral Account, Stand-by Covered Bond Swap Collateral Account, Interest Rate Swap Collateral Account and Stand-by Interest Rate Swap Collateral Account and any amounts standing to the credit of the Collateralised GIC Account that are recorded as a credit on the applicable Designated Covered Bond Swap Collateral Ledger or applicable Designated Interest Rate Swap Collateral Ledger and in respect of all Authorised Investments and Substitution Assets purchased from time to time from amounts standing to the credit of the Covered Bond Swap Collateral Accounts, Stand-by Covered Bond Swap Collateral Accounts, the Stand-by Covered Bond Swap Collateral Accounts, the Stand-by Interest Rate Swap Collateral Accounts, the GIC Collateral Custody Account and any amounts standing to the credit of the Collateralised GIC Account that are recorded as a credit on the applicable Designated Covered Bond Swap Collateral Ledger or applicable Designated Interest Rate Swap Collateral Ledger, provided that any amounts standing to the credit of a Covered Bond Swap Collateral Account, Stand-by Covered Bond Swap Collateral Account, Interest Rate Swap Collateral Account or Stand-by Interest Rate Swap Collateral Account or any amounts standing to the credit of the Collateralised GIC Account that are recorded as a credit on the applicable Designated Covered Bond Swap Collateral Ledger or applicable Designated Interest Rate Swap Collateral Ledger shall be held solely for the benefit of the relevant Swap Provider and the LLP until required to be applied pursuant to the relevant Swap Agreement;

(h) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the LLP in and to all moneys or, if applicable, securities standing to the credit of the applicable GIC Collateral Custody Account and the debts represented by them together with all rights relating or attached thereto (including the right to interest) and (ii) any custody agreement relating to a GIC Collateral Custody Account shall be held solely for the benefit of the GIC Provider and the LLP until required to be applied pursuant to the relevant Collateral Agreement; and

(i) 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).

In respect of the property, rights and assets referred to in paragraph (c) 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.

Release of Security

In the event of any sale of Loans (including Selected Loans) and their Related Security by the LLP pursuant to and in accordance with the Transaction Documents, the Security Trustee will (subject to the written request of the LLP) release those Loans from the Security created by and pursuant to the Deed of Charge on or prior to the date of such sale but 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 Loans*" above; and

(b) in the case of the Sale of Selected Loans, the LLP provides to the Security Trustee a certificate confirming that the Selected Loans being sold have been selected on a random basis.

In the event of the repurchase of a Loan and its Related Security by the Seller pursuant to and in accordance with the Transaction Documents, the Security Trustee will release that Loan from the Security created by and pursuant to the Deed of Charge on the date of the repurchase.

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 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 "*Cash flows*".

The Deed of Charge and any non-contractual obligations arising out of or in connection with it are governed by English law (other than the Scottish Supplemental Charge referred to in paragraph (c) 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 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).

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, 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 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 Portfolio in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme that 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 respect of principal due on the Final Maturity Date of 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;
- 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;
- a Reserve Fund (unless the Society's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P and F1+ by Fitch and the Society is assigned a counterparty risk assessment by Moody's of at least P-1(cr)) (in each case, provided that such rating by S&P, Fitch and/or Moody's shall only apply to the extent such agency maintains ratings or outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding) will be established in the GIC Account to trap Available Revenue Receipts; and
- under the terms of the Guaranteed Investment Contract, the GIC Provider has agreed to pay a variable rate of interest on all amounts held by the LLP in the GIC Account at a rate of (i) the SONIA Spot Rate published on the date on which the amount is calculated (or, if such day is not a London Business Date, on the immediately preceding London Business Day) less 0.15% per annum or (ii) such greater amount as the LLP and the GIC Provider may agree from time to time, provided that the applicable rate of interest will not be less than zero.

Certain of these factors are considered more fully in the remainder of this section.

In addition, the Issuer is required to comply with the terms of the Regulated Covered Bonds Regulations, as to which see further "*Description of the UK Regulated Covered Bond Regime*" below.

Guarantee

The Covered Bond Guarantee provided by the LLP under the Trust Deed guarantees payment of Guaranteed Amounts when the same 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 "*Cash flows—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

Certain Series of Covered Bonds are scheduled to be redeemed in full on the Final Maturity Date therefore without any provision for scheduled redemption other than on the Final Maturity Date (the **Hard Bullet Covered Bonds**). The applicable Final Terms will identify whether any Series of Covered Bonds is a Series of Hard Bullet Covered Bonds. 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. On each London Business Day (each a **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 below A-1 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; or

(b) (i) the Issuer is assigned a long-term counterparty risk assessment by Moody's below A2(cr); or (ii) the Issuer is assigned a short-term counterparty risk assessment by Moody's of below P-1(cr) and in either case the Final Maturity Date of any Series of Hard Bullet Covered Bonds will fall within 12 months from the relevant Pre-Maturity Test Date; or

(c) the Issuer's short-term credit rating from Fitch falls to below F1+ 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,

(in each case provided that such ratings by S&P, Moody's and/or Fitch shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding),

(each a **Supplemental Liquidity Event**).

Following a breach of the Pre-Maturity Test in respect of a Series of Covered Bonds:

(a) any Revenue Receipts and Principal Receipts standing to the credit of any GIC Account on the date of such breach shall be credited to the Pre-Maturity Liquidity Ledger up to an amount not exceeding the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached; and

(b) no further issuance of Covered Bonds shall be permissible under the Programme Agreement, except as described below,

provided that the restriction on the issuance of Covered Bonds set out in paragraph (b) above shall cease to be applicable following either (i) the exercise by any Member (other than the Liquidation Member) of its option (whether or not directed to do so by the Management Committee) to either (a) make a Cash Capital Contribution to the LLP in accordance with the LLP Deed or (b) repurchase Loans, or (ii) the making of an Intercompany Loan to the LLP funded by the issue of Soft Bullet Covered Bonds by the Issuer, in each case, in an amount at least equal to the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds less any amounts then standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to repay any 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 any Intercompany Loan from any such issue of Soft Bullet Covered Bonds will be first applied to make up any shortfall to the Pre-Maturity Liquidity Ledger.

The restriction on Covered Bond issuances set out above following the breach of the Pre-Maturity Test shall cease to be applicable following: (a) the exercise of any of the options in paragraphs (i) and (ii) in the preceding paragraph; or (b) the

balance standing to the credit of the Pre-Maturity Ledger reaching an amount equal to the Required Redemption Amount for all the relevant Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test is breached.

Any issuance of Hard Bullet Covered Bonds that takes place whilst the Issuer is in breach of the Pre-Maturity Test but following the balance standing to the credit of the Pre-Maturity Ledger having reached an amount equal to the Required Redemption Amount for all the relevant Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached, must have a Final Maturity Date that is more than 12 months after the relevant Issue Date.

Amounts may not be withdrawn from any GIC Account to the extent that the Pre-Maturity Liquidity Ledger is debited, other than to redeem the relevant series of Hard Bullet Bonds, except where such withdrawal would still result in a credit balance at least equal to the Required Redemption Amount for all relevant Series of Hard Bullet Covered Bonds.

In certain circumstances, Revenue Receipts will also be available to repay a Hard Bullet Covered Bond, as described in "*Cash flows—Allocation and distribution of Available Revenue Receipts prior to the service of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice*" below.

Failure by the Issuer and/or the LLP 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. 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 and/or the LLP fully repay 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 relevant 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 the cash will remain on the Pre-Maturity Liquidity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds but only to the extent required to maintain an amount equal to the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test is breached; or

(b) the Issuer is not failing the Pre-Maturity Test, but the 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 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 on dates other than LLP Payment Dates, 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 senior ranking expenses which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding. Under the LLP Deed, the LLP and its Members (other than the Liquidation Member) must ensure that on each Calculation Date the Adjusted Aggregate Loan Amount will be in an amount equal to or in excess of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. If on any Calculation Date the Asset Coverage Test is not satisfied and such failure is not remedied on or before the next following Calculation Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the LLP. The Asset Coverage Test is a formula which adjusts the True Balance of each Loan in the Portfolio and has further adjustments to take account of set-off on a Borrower's current or deposit accounts held with the Seller, set-off associated with drawings made by Borrowers under Flexible Loans and failure by the Seller, in accordance with the Mortgage Sale Agreement, to repurchase Defaulted Loans or Loans that do not materially comply with the Representations and Warranties on the relevant Transfer Date.

See further "*Summary of the Principal Documents—Asset Coverage Test*" above.

An Asset Coverage Test Breach Notice will be revoked if, on any Calculation Date falling on or prior to the third Calculation Date following the service of the Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor an LLP Acceleration Notice has been served.

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

The Issuer is additionally required to ensure that the principal amount of the eligible property in the Asset Pool is greater than 108% of the Principal Amount Outstanding of the Covered Bonds in accordance with the terms of the RCB Regulations. See further "*Description of the UK Regulated Covered Bond Regime*" below.

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 commencement of winding-up proceedings against the LLP and/or realisation of the Security), the assets of the LLP available to meet its obligations under the Covered Bond Guarantee fall to a level where 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 Loan Amount will be in an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. The Amortisation Test is a formula that adjusts the True Balance of each Loan in the Portfolio and has further adjustments to take account of Loans in arrears. See further "*Summary of the Principal Documents—Amortisation Test*" above.

Reserve Fund

The LLP will be required (unless the Society's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P and F1+ by Fitch and the Society is assigned a counterparty risk assessment by Moody's of at least P-1(cr)) (in each case, provided that such ratings by S&P, Moody's and/or Fitch shall not apply to the extent (i) such agency does not maintain ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and (ii) there are no Covered Bonds issued prior to such date which are still outstanding) to establish the Reserve Fund on 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 Ledger 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.

CASH FLOWS

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

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 (except for the Covered Bond Swap Collateral Accounts and the Stand-by Covered Bond Swap Collateral Accounts) and their order of priority:

(a) prior to service on the LLP of an Asset Coverage Test Breach Notice, a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security;

(b) following service of an Asset Coverage Test Breach Notice (and for so long as it has not been revoked);

(c) following service of a Notice to Pay; and

(d) following service of an LLP Acceleration Notice but prior to the realisation of the Security and/or the commencement of winding-up proceedings against the LLP.

If the Transaction Account is closed in accordance with the terms of the Bank Account Agreement, any payment to be made to or from the Transaction Account shall, as applicable, be made to or from any GIC Account or, if applicable, the Collateralised GIC Account, or no payment shall be made at all if such payment is expressed to be from any GIC Account to the Transaction Account.

Allocation and distribution of Available Revenue Receipts prior to the service of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice.

Prior to service of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice on the LLP and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, 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 Principal Receipts and Available Revenue Receipts available for distribution on the immediately following LLP Payment Date and the Reserve Fund Required Amount (if applicable);

(b) where the Pre-Maturity Test has been breached in respect of a Series of Hard Bullet Covered Bonds, on each Calculation Date falling on the later to occur of the Calculation Date following the breach of the Pre-Maturity Test and the first Calculation Date falling in the 11 months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, whether or not the amount standing to the credit of the Pre-Maturity Liquidity Ledger at such date is less than the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds at such date (together with 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); and

(c) 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 transfer Available Revenue Receipts from any GIC Account or, if applicable, the Collateralised GIC Account to the Transaction Account (to the extent maintained), 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 an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or service of an LLP Acceleration Notice on the LLP and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, 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 by the LLP under paragraph (a) below of the definition of Third Party Amounts, which shall be paid when due) 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):

(a) *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 and to pay and discharge any liability of the LLP for taxes;

(b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer (including, without limitation, any amounts payable by the Servicer to any Back-Up Servicer appointed pursuant to the terms of the Servicing Agreement) under the provisions of the Servicing Agreement in the immediately succeeding LLP Payment Period, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(ii) 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 (including, without limitation, any amounts payable by the Cash Manager to any Back-Up Cash Manager appointed pursuant to the terms of the Cash Management Agreement) 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;

(iii) amounts (if any) due and payable to an Account Bank (or, as applicable, any Stand-by Account Bank) (including costs) pursuant to the terms of the Bank Account Agreement (or, as applicable, the Stand-by Bank Account Agreement), together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(iv) 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;

(v) 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) together with applicable VAT (or other similar taxes) thereon;

(vi) 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 (d)(i) below), together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(vii) any remuneration then due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement in the immediately succeeding LLP Payment Period, together with applicable VAT (or other similar taxes) thereon to the extent provided therein; and

(viii) any remuneration then due and payable to the Back-Up Cash Manager Facilitator and any costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Cash Manager Facilitator 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) *third*, in or towards payment *pro rata* and *pari passu* of any amount due to the Interest Rate Swap Provider (including any termination payment due and payable by the LLP under the Interest Rate Swap Agreement (but excluding any Excluded Swap Termination Amount)) pursuant to the terms of the Interest Rate Swap Agreement;

(d) *fourth*, in or towards payment on the LLP Payment Date or to provide for payment 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 (and in the case of any such payment or provision, after taking into account any provisions previously made and any amounts (excluding Swap Collateral which does not constitute Swap Collateral Available Amounts) receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal or in respect of Swap Collateral which does not constitute Swap Collateral Available Amounts) receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine), of:

(i) any amounts due or to become due and payable to the Covered Bond Swap Providers (other than in respect of principal under the Covered Bond Swaps) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment (other than in relation to principal) due and payable by the LLP under the relevant Covered Bond Swap Agreement, 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 Swap Providers) pursuant to the terms of the relevant Covered Bond Swap Agreements; and

(ii) if the LLP is required to make a deposit to the Pre-Maturity Liquidity Ledger, towards a credit to any GIC Account with a corresponding credit to that Ledger of an amount up to but not exceeding the difference between:

(A) the Required Redemption Amount as 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 the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after deducting from that Ledger the Required Redemption Amounts of all other Series of Hard Bullet Covered Bonds as calculated on that Calculation Date which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;

(e) *fifth*, in or towards any amounts due or to become due and payable (excluding principal amounts), *pro rata* and *pari passu* in respect of each relevant Term Advance to the Issuer pursuant to the terms of the Intercompany Loan;

(f) *sixth*, if a Servicer Event of Default has occurred, all remaining Available Revenue Receipts to be credited to any GIC Account or the Collateralised GIC Account (with a corresponding credit to the Revenue Ledger) until such Servicer Event of Default is either remedied by the Servicer or waived by the Security Trustee or a new servicer is appointed to service the Portfolio (or the relevant part thereof);

(g) *seventh*, in or towards a credit to the Reserve Ledger on any 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;

(h) *eighth*, 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 Covered Bond Swap Agreements and the Interest Rate Swap Agreement;

(i) *ninth*, 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 and, if Nationwide Building Society is not then a Member of the LLP, towards repayment of the Issuer Subordinated Loan pursuant to the LLP Deed;

(j) *tenth*, in or towards payment of Deferred Consideration due to the Seller for the transfer of the Loans and their Related Security to the LLP, to pay all remaining Available Revenue Receipts (except for an amount equal to the fee payable to the Liquidation Member in accordance with (j) and an amount equal to the profit to be paid to the Members in accordance with paragraph (l) below) to the Seller;

(k) *eleventh*, in or towards payment of the fee due to the Liquidation Member; and

(l) *twelfth*, towards payment *pro rata* and *pari passu* to the Members of a certain sum (specified in the LLP Deed) as their profit for their respective interests as Members in the LLP,

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 (d)(i) 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.

Any amounts (excluding Swap Collateral which does not constitute Swap Collateral Available Amounts) received by the LLP under the Interest Rate Swap Agreement on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, to make payments (other than in respect of principal) due and payable *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap under the Covered Bond Swap Agreements or, as the case may be, in respect of each relevant Term Advance under the Intercompany Loan Agreement unless an Asset Coverage Test Breach Notice has been served and not been revoked or otherwise to make provision for such payments 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.

Any amounts (other than in respect of principal but excluding Swap Collateral which does not constitute Swap Collateral Available Amounts) received by the LLP under a Covered Bond Swap on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, to make payments (other than principal) due and payable *pro rata* and *pari passu* in respect of each relevant Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine unless an Asset Coverage Test Breach Notice has been served and not been revoked.

Any amounts (excluding Swap Collateral which does not constitute Swap Collateral Available Amounts) received under the Interest Rate Swap Agreement and any amounts (other than in respect of principal but excluding Swap Collateral which does not constitute Swap Collateral Available Amounts) received under the Covered Bond Swap Agreements on the LLP Payment Date or on any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (d) above or the preceding two paragraphs will be credited to the Revenue Ledger on the relevant GIC Account or the Collateralised GIC Account and applied as Available Revenue Receipts on the next succeeding LLP Payment Date.

If any Swap Collateral Available Amounts are received by the LLP on an LLP Payment Date, such amounts shall be applied by the LLP (or by the Cash Manager on its behalf) on that LLP Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

If any Excess Hedge Collateral is held or received by the LLP at any time, such amounts will be paid on their due date to the applicable Swap Provider in accordance with the terms of the applicable Swap Agreement.

Allocation and Distribution of Principal Receipts prior to service of a Notice to Pay

Prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, 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 transfer funds from any GIC Account or, if applicable, the Collateralised GIC Account to the Transaction Account (to the extent maintained), 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 relevant GIC Account.

If an LLP Payment Date is the same as an Interest Payment 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 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 an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, all Available Principal Receipts (including any Cash Capital Contributions made from time to time by the Seller in its capacity as a Member) which have not otherwise been applied by or on behalf of the LLP on each LLP Payment Date will be applied in making the following payments and provisions (the **Pre-Acceleration Principal Priority of Payments**):

(a) *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 to the Pre-Maturity Liquidity Ledger in an amount up to but not exceeding the difference between:

  (i) the Required Redemption Amount calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and

  (ii) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after deducting from that Ledger the Required Redemption Amount of all other Hard Bullet Covered Bonds, as calculated on that Calculation Date, which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;

(b) *second*, to acquire New 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 thereafter to acquire Substitution Assets;

(c) *third*, to deposit the remaining Principal Receipts in the relevant GIC Account or, if applicable, the Collateralised 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;

(d) *fourth*, 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:

(i) the amounts (in respect of principal) due or to become due and payable to the relevant Covered Bond Swap Providers *pro rata* and *pari passu* in respect of each relevant Basis Covered Bond Swap (including any termination payment (relating solely to principal) due and payable by the LLP under the relevant Covered Bond Swap Agreements, 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 Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) (where appropriate, after taking into account any amounts in respect of principal receivable from a Covered Bond 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

(e) *fifth*, subject to complying with the Asset Coverage Test, to make a Capital Distribution to each Member (other than the Liquidation Member) or, if Nationwide Building Society is not then a Member of the LLP, towards repayment of the Issuer Subordinated Loan by way of distribution of its equity in the LLP in accordance with the LLP Deed.

Unless an Asset Coverage Test Breach Notice has been served and not been revoked, any amounts in respect of principal received by the LLP under a Covered Bond Swap on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date (provided that all principal amounts outstanding under the related Series of Covered Bonds which have fallen due for repayment on such date have been repaid in full by the Issuer), to make payments in respect of principal due and payable to the Issuer in respect of the corresponding Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling in the future as the Cash Manager may reasonably determine.

Any amounts of principal received under the Covered Bond Swap Agreements on the LLP Payment Date or any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (d) above or the preceding paragraph will be credited to the Principal Ledger on the relevant GIC Account or, if applicable, the Collateralised GIC Account and applied as Available Principal Receipts on the next succeeding LLP Payment Date.

Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice

At any time after service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), but prior to service of a Notice to Pay or service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, all Available Revenue Receipts and Available Principal Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments save that, whilst any Covered Bonds remain outstanding, no moneys will be applied under paragraphs (e), (i) (to the extent only that such amounts are payable to the Members), (j) or (l) of the Pre-Acceleration Revenue Priority of Payments or paragraphs (b), (d)(ii) or (e) of the Pre-Acceleration Principal Priority of Payments.

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 commencement of winding-up proceedings against the LLP, all Available Revenue Receipts and Available Principal Receipts (other than Third Party Amounts) will be applied as described below under "—*Guarantee Priority of Payments*".

On each LLP Payment Date, the LLP or the Cash Manager on its behalf will transfer Available Revenue Receipts and Available Principal Receipts from the Revenue Ledger, the Reserve Ledger, the Principal Ledger or the Capital Account Ledger, as the case may be, to the Payment Ledger on the relevant GIC Account or, if applicable, the Collateralised 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 such ledgers on the relevant GIC Account or, if applicable, the Collateralised GIC Account.

The LLP created and maintains ledgers for each Series of Covered Bonds and records amounts allocated to such Series of Covered Bonds in accordance with paragraph (e) of the Guarantee Priority of Payments below, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the Covered Bond Swap 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 (and transferred to the Transaction Account on the relevant LLP Payment Date) to repay the relevant Series of Hard Bullet Covered Bonds in accordance with the LLP Deed (as described in "*Credit Structure—Pre-Maturity Liquidity*"). 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 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):

(a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) 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

(ii) 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;

(b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) 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

(ii) 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 and to pay or discharge any liability of the LLP for taxes;

(c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding LLP Payment Period under the provisions of the Servicing Agreement (including, without limitation, any amounts payable by the Servicer to any stand-by servicer or Back-Up Servicer appointed pursuant to the terms of the Servicing Agreement) together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(ii) 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 (including, without limitation, any amounts payable by the Cash Manager to any stand-by cash manager or Back-Up Cash Manager appointed pursuant to the terms of the Cash Management Agreement), together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(iii) amounts (if any) due and payable to an Account Bank (or, as applicable, any Stand-by Bank Account) (including costs) pursuant to the terms of the Bank Account Agreement (or, as applicable, the Stand-by Bank Account Agreement), together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(iv) 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;

(v) amounts (if any) due and payable to the FCA under the RCB Regulations (other than the initial registration fees) together with applicable VAT (or other similar taxes) thereon;

(vi) amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (j) below) pursuant to the terms of the Asset Monitor Agreement, together with applicable VAT (or other similar taxes) thereon as provided therein;

(vii) any remuneration then due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Servicer Facilitator in the immediately succeeding LLP Payment Period under the provisions of the Servicing Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein; and

(viii) any remuneration then due and payable to the Back-Up Cash Manager Facilitator and any costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Cash Manager Facilitator 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;

(d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due and payable to the Interest Rate Swap Provider (including any termination payment due and payable by the LLP under the Interest Rate Swap Agreement but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Interest Rate Swap Agreements;

(e) *fifth*, to pay *pro rata* and *pari passu* according to the respective amounts thereof:

(i) the amounts due and payable to the relevant Covered Bond Swap Provider (other than in respect of principal under the Covered Bond Swaps) *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds (including any termination payment (other than in respect of principal) due and payable by the LLP under the relevant Covered Bond Swap Agreement but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) 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 (e) (excluding any amounts received from the Covered Bond Swap Provider) 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 paragraph (e)(ii) 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 Covered Bond Swap Provider in respect of each relevant Series of Covered Bonds under paragraph (e)(i) 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;

(f) *sixth*, to pay or provide for *pro rata* and *pari passu* according to the respective amounts thereof:

(i) the amounts (in respect of principal under the Covered Bond Swaps) due and payable to the relevant Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds (including any termination payment (relating solely to principal) due and payable by the LLP under the relevant Covered Bond Swap Agreement but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) 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 (f) (excluding any amounts received from the Covered Bond Swap Provider) in respect of the amounts referred to in paragraph (f)(i) above would be insufficient to pay the Sterling Equivalent of the Scheduled Principal that is Due for Payment in respect of the relevant Series of Covered Bonds under paragraph (f)(ii) 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 Covered Bond Swap Provider in respect of each relevant Series of Covered Bonds under paragraph (f)(i) 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;

(g) *seventh*, to deposit the remaining moneys in any GIC Account or, if applicable, the Collateralised GIC Account for application on the next following LLP Payment Date in accordance with the priority of payments described in paragraphs (a) to (f) (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);

(h) *eighth*, 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;

(i) *ninth*, 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;

(j) *tenth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any indemnity amount due to the Members (and, if Nationwide Building Society is not then a Member of the LLP, towards repayment of the Issuer Subordinated Loan) 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; and

(k) *eleventh*, thereafter any remaining moneys will be applied in accordance with the LLP Deed.

Termination payments received in respect of Swaps, premiums received in respect of replacement Swaps

If the LLP receives any termination payment from a Swap Provider in respect of a Swap Agreement, such termination payment will first be used (prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security) to pay a

replacement Swap Provider(s) to enter into a replacement Swap Agreement(s) with the LLP, unless a replacement Swap Agreement(s) has already been entered into on behalf of the LLP. If the LLP receives any premium from a replacement Swap Provider in respect of a replacement Swap Agreement, such premium will first be used to make any termination payment due and payable by the LLP with respect to the previous Swap Agreement(s), unless such termination payment has already been made on behalf of the LLP.

Application of moneys received by the Security Trustee following the occurrence of an LLP Event of Default and enforcement of the Security, realisation of the Security and/or the commencement of winding-up proceedings against the LLP

Under the terms of the Deed of Charge, subject to Regulations 28 and 29 of the RCB Regulations, 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 (i) any amounts standing to the credit of the Covered Bond Swap Collateral Accounts, the Interest Rate Swap Collateral Accounts, the Stand-by Covered Bond Swap Collateral Accounts, the Stand-by Interest Rate Swap Collateral Accounts or the Collateralised GIC Account (where such amounts are recorded as a credit on a Designated Covered Bond Swap Collateral Ledger or a Designated Interest Rate Swap Collateral Ledger as the case may be) comprising Excess Hedge Collateral and (ii) any amounts standing to the credit of any GIC Collateral Custody Account comprising Excess Collateral) following the enforcement of the Security, the service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP will be applied 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):

(a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) 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;

(ii) 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;

(iii) amounts in respect of:

(A) any remuneration then due and payable to the Servicer, Back-Up Servicer and/or Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer, Back-Up Servicer and/or Back-Up Servicer Facilitator under the provisions of the Servicing Agreement and Back-Up Servicing Agreement, as applicable, 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, Back-Up Cash Manager and/or Back-Up Cash Manager Facilitator and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager, Back-Up Cash Manager and/or Back-Up Cash Manager Facilitator under the provisions of the Cash Management Agreement and Back-Up Cash Management Agreement, as applicable, together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(C) amounts due to an Account Bank or, as applicable, any Stand-by Account Bank (including costs) pursuant to the terms of the Bank Account Agreement or, as applicable, the Stand-by

Bank Account Agreement, together with applicable VAT (or other similar taxes) thereon to the extent provided therein; and

(D) amounts (including costs and expenses) due to the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(iv) any amounts due and payable to the Interest Rate Swap Provider (including any termination payment (but excluding any Excluded Swap Termination Amounts)) pursuant to the terms of the Interest Rate Swap Agreement;

(v) all amounts due and payable:

(A) to the relevant Covered Bond Swap 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 relevant Covered Bond Swap Agreement (but excluding any Excluded Swap Termination Amount)) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(B) under the Covered Bond Guarantee, to the Bond Trustee on behalf of the holders of the Covered Bonds *pro rata* and *pari passu* in respect of interest and principal due and payable on each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (v) (excluding any amounts received from any Covered Bond Swap Provider in respect of amounts referred to in paragraph (a)(v)(A) above) would be insufficient to pay the Sterling Equivalent of the amounts due and payable under the Covered Bond Guarantee in respect of each Series of Covered Bonds under paragraph (a)(v)(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 Covered Bond Swap Provider in respect of each relevant Series of Covered Bonds shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(b) *second*, 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;

(c) *third*, 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;

(d) *fourth*, towards payment of any indemnity amount due to the Members (and, if Nationwide Building Society is not then a Member of the LLP, towards repayment of the Issuer Subordinated Loan) pursuant to the LLP Deed; and

(e) *fifth*, thereafter any remaining moneys shall be applied in or towards payment to the Members (and, if Nationwide Building Society is not then a Member of the LLP, towards repayment of the Issuer Subordinated Loan) pursuant to the LLP Deed.

The above Post-Enforcement Priority of Payments is subject to the provisions of Regulations 27, 28 and 29 of the RCB Regulations. In particular, costs properly incurred by a receiver, liquidator, provisional liquidator, administrator, administrative receiver or manager of the LLP in relation to:

(i) persons providing services for the benefit of Covered Bondholders (which is likely to include the persons listed in paragraph (a) above (excluding the Swap Providers));

(ii) the Swap Providers in respect of amounts due to them under paragraph (a) above; and

(iii) any other persons providing a loan to the LLP to enable it to meet the claims of Covered Bondholders or the costs of the people described in paragraphs (i) and (ii) above (e.g. liquidity loans),

shall be expenses which shall be payable out of the proceeds of realisation of the Security (in the case of a receivership) or the assets of the LLP (in the case of an administration, winding-up or provisional liquidation), and shall rank equally among themselves in priority to all other expenses (including the claims of Covered Bondholders). See further "*Risk Factors—Legal and regulatory risks—Expenses of insolvency officeholders*".

FURTHER INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK – CERTAIN REGULATORY CONSIDERATIONS

Regulated Mortgage Contracts

In the UK, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the date known as the **Regulation Effective Date**). Entering into a regulated mortgage contract as a lender, arranging a regulated mortgage contract or advising in respect of a regulated mortgage contract, and administering a regulated mortgage contract (or 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.

There have been incremental changes to the definition of Regulated Mortgage Contract over time.

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 would be deemed 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, a first ranking standard security) on land (other than timeshare accommodation) in the UK; and (iii) at least 40% of that land 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. 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**).

The current definition of a regulated mortgage contract is such that if a mortgage contract was entered into on or after 21 March 2016, it will be a regulated mortgage contract if it meets the following condition (when read in conjunction with and subject to certain relevant exclusions and qualifications): (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by a mortgage (or, in Scotland, heritable security) on land; (c) at least 40% of that land is used, or is intended to be used: (i) in the case of credit provided to an individual as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee which is not an individual as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a Related Person (a **Regulated Mortgage Contract**). 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, therefore are also 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 exemptions, persons carrying on any of the following specified regulated mortgage-related activities by way of business must be authorised under the FSMA: (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. Lenders and brokers engaging in regulated activities are subject to certain authorisation requirements. FSMA also provides a regime for financial promotions related to Regulated Mortgage Contracts and certain other types of secured credit agreements where the lender engages in regulatory regulated activities. Failure to comply with the authorisation requirements or the financial promotion regime is a criminal offence and will render the relevant Regulated Mortgage Contract or other secured credit agreement, if applicable, unenforceable against the borrower except with the approval of a court.

The Servicer is required to hold and does hold authorisation and permission to enter into and to administer Regulated Mortgage Contracts. Brokers engaged by the Servicer are in certain circumstances required to hold the required authorisations to arrange and, if applicable, 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 and the LLP does not carry on any regulated activity by engaging the Servicer to administer Regulated Mortgage Contracts pursuant to a servicing agreement. If the Servicer is terminated, pursuant to the servicing agreement, the LLP will have no more than one month (beginning with the day on which such arrangement terminates) to arrange for mortgage administration to be carried out by a replacement servicer having the required FSMA authorisations.

As at the date of this Base Prospectus, the LLP holds beneficial title to the Loans and their Related Security. If legal title to the Loans and their Related Security is transferred to the LLP upon the occurrence of a Perfection Event, the LLP will have arranged for a servicer 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, if a mortgage is varied, such that a new contract is entered into and that new 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.

It is possible that further changes may be made to the FCA's MCOB rules as a result of the FCA's ongoing reviews and other related future regulatory reforms. To the extent that any new rules do apply to any of the Loans, failure to comply with these rules may entitle a borrower to claim damages for loss suffered or set off the amount of the claim against the amount owing under the loan.

A borrower who is a private person may be entitled to claim damages for a loss suffered as a result of any contravention by an authorised person of the FCA rules, 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).

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

The UK government had a policy commitment to move second (and subsequent) charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit under which second charge lending previously fell. The UK government concluded that there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is secured by a first or subsequent charge. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the Regulated Mortgage Contract regime from the consumer credit regime. The policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime for pre-2004 first charge loans regulated by the CCA. Mortgage regulation under the FSMA began on 31 October 2004. Mortgages entered into before the Regulation Effective Date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. In November 2015, new legislation provided that the administration of and other activities relating to pre-October 2004 first charge mortgages which were previously regulated by the CCA would become FSMA regulated mortgage activities from 21 March 2017. The transfer of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 (the **MCDO**). Unregulated mortgages originated before 31 October 2004 remain unregulated.

Credit agreements which were originated before 21 March 2016, that 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 defined by the MCDO as "consumer credit back book mortgage contracts" and therefore are also Regulated Mortgage Contracts. The main CCA

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

Regulation of buy-to-let mortgages are excluded from the definition of "consumer credit back book mortgage contract" under the MCDO therefore if a buy-to-let mortgage was regulated by the CCA (because the amount of credit fell below the relevant financial limit in place at the time of origination and was not otherwise exempt), it will continue to be regulated by the CCA as it is not a "consumer credit back book mortgage contract".

Regulation of buy-to-let mortgage loans

Buy-to-let mortgage loans can either be unregulated or fall under the following regulatory regimes:

- regulated by the CCA as a regulated credit agreement as defined under article 60B of the RAO (a **Regulated Credit Agreement**);
- regulated by FSMA as a Regulated Mortgage Contract; or
- regulated as a consumer buy-to-let mortgage contract under the consumer buy-to-let regime as defined under the MCDO (a **Consumer Buy-to-let Loan**).

As at the date of this Base Prospectus there are no buy-to-let loans in the Cover Pool.

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 under the FSMA and also applies to "consumer credit back book mortgage contracts" (as described above). If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order to, among other things, require the relevant originator, or any assignee such as the LLP, 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 its behalf) before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" under the CCA and the "unfair" relationship test is intended to be flexible and subject to judicial discretion. Therefore it is 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 obligated to, look solely to the CCA 2006 for guidance. The principle of "treating customers fairly" under the FSMA and guidance published by the FSA, and, as of 1 April 2013, the FCA, on that principle and former guidance by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an unfair relationship exists, then the burden of proof is on the creditor to prove the contrary.

Plevin v Paragon [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.

FCA response to the cost of living crisis

In March 2021, the FCA stated that as the more immediate impacts of coronavirus had begun to subside, they were considering whether they 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 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 coronavirus, 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 10 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 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 begin to subside, they were considering whether they 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 they plan 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.

On 10 April 2024, the FCA published PS24/2: Strengthening protections for borrowers in financial difficulty: Consumer credit and mortgages and the related Consumer Credit and Mortgages (Tailored Support) Instrument 2024 (FCA 2024/7). It also published FG24/2: Guidance for firms supporting existing mortgage borrowers impacted by rising living costs.

The FCA have stated that they want to build on the Mortgages Tailored Support Guidance and provide a stronger framework for lenders to protect customers facing payment difficulties, they are doing this by incorporating relevant aspects of the Mortgages Tailored Support Guidance into their Handbook, as well as introducing further targeted changes. For mortgages, the FCA have changed their guidance to allow lenders more scope to capitalise payment shortfalls where appropriate and to improve disclosure for all customers in payment shortfall. The new rules will come into force on 4 November 2024 and the Mortgages Tailored Support Guidance will be withdrawn at that 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 Loans, including further amending and extending the scope of the above guidance.

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**). Nationwide Building Society is a signatory to the Mortgage Charter and have 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 Loans, including further amending and extending the scope of the Mortgage Charter or related rules.

Distance Marketing

In the UK, the Financial Services (Distance Marketing) Regulations 2004 (the **DM Regulations**) apply to, among other things, credit agreements 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 pre-contract disclosure rules could result in, amongst other things, disciplinary action by the FCA and claims for damages under Section 138D of FSMA.

Certain other agreements for financial services are cancellable under the Distance Marketing Regulations if the borrower does not receive 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 end of the 14th day 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) obtained by an enforcement authority, 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. Failure to comply with MCOB rules could result in, among other things, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

If a borrower cancels a credit agreement under the DM Regulations, then:

(i) the borrower is liable to repay the principal, and any other sums paid by or on behalf of the originator to the borrower under or in relation to the cancelled agreement, within 30 calendar days of cancellation beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;

(ii) the borrower is liable to pay interest, or any early repayment charge or other charge 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

(iii) any security provided in relation to the contract is to be treated as never having had effect.

Financial Ombudsman Service

Under the FSMA, the Financial Ombudsman Service (the FOS) is an independent adjudicator, 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 its 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 FOS for consideration must be decided on a case by-case basis, with reference to the particular facts of any individual case. Each case is first adjudicated by an adjudicator, and either party may appeal to the FOS for a final decision. The FOS may order a monetary award to a complaining borrower.

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 (in so far 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 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the **CRA**) revoked the UTCCR for contracts made on or after 1 October 2015. The CRA applies to contracts (a) entered into on or after 1 October 2015; or (b) that were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the CRA. The CRA also applies to notices of variation (e.g. of interest rates) issued on or after 1 October 2015.

UTCCR

The UTCCR and the CRA provide that a consumer (which includes borrowers under all or almost all of the Loans) may challenge a term in an agreement on the basis that it is "unfair" under 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). The UTCCR and the CRA also provide that a regulator may take action to stop the use of "unfair" terms. The FCA stated that its 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 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 such 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 (or exercise analogous rights in Scotland).

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

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

CRA

The main provisions of the CRA came into force on 1 October 2015 and apply to agreements made on or after that date. The CRA significantly reforms and consolidates consumer law in the UK, establishing 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 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:

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.

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.

A term of a consumer contract which is not on the "grey list" may nevertheless be regarded unfair.

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.

Ultimately, only a court can decide whether a term is fair, however it may take into account relevant guidance published by the CMA or the FCA. 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. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA state that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA state 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 formal 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" (save in applying the consumer notices and negotiated terms). 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, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in the light of sometimes conflicting reported case law between English courts and the CJEU. 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 Loans that have been made to Borrowers covered by the UTCCR and/or 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

The Consumer Protection from Unfair Trading Regulations 2008 (the **CPUTR**) came into force on 26 May 2008 and prohibits certain practices that 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.

Under the terms of the CPUTR, 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 Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014) came into force on 1 October 2014 and amended the CPUTR. 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.

Mortgage repossession

There is a protocol for mortgage repossession cases in England and Wales (the **Pre-action Protocol**) which 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, the Mortgage Repossessions (Protection of Tenants etc) Act 2010 came into force on 1 October 2010. The Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on

application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

In addition, 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, change in product type; and (b) automatically capitalising a payment shortfall.

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 of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor, which may be the Seller or, in the event of it taking legal title to the Scottish 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.

Subject to any relevant government restrictions on repossessions, mortgage lenders/administrators may enforce repossession provided they act in accordance with the Mortgages Tailored Support Guidance, MCOB 13 and relevant regulatory and legislative requirements. Action to seek possession should be a last resort and should not be started unless all other reasonable attempts to resolve the position have failed. The FCA makes clear in the guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with these requirements.

Right to Buy Loans

0.78 per cent of the Loans by current balance in the Cover Pool as at 31 May 2024 are Right to Buy Loans. Properties sold under the Right to Buy scheme of the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended), as applicable, are sold by the landlord at a discount to market value calculated in accordance with the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable). A purchaser under the scheme of the Housing Act 1985 must repay the whole of the discount if the purchaser disposes of the property within one year of acquiring it from the landlord, four-fifths if the purchaser does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years. A purchaser under the scheme of the Housing (Scotland) Act 1987 (as amended), must repay the whole of the discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one third if within three years. The landlord obtains a statutory charge (in England and Wales) or standard security (in Scotland) in respect of the contingent liability of the purchaser under the scheme to repay the discount. Under the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable) such statutory charge ranks in priority to other charges including that of any mortgage lenders except in certain circumstances. Such statutory charge shall automatically rank behind any charge on the related property in relation to monies advanced by an approved lending institution to the extent they are advanced for the purpose of enabling the purchaser to exercise their right to buy and (in Scotland) monies advanced for the purchase or improvement of the property. In England and Wales, the purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord.

Land Registration Reform in Scotland

One of the policy aims of the Land Registration etc. (Scotland) Act 2012 (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. The 2012 Act provides 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 will extend to any standard security granted by the Issuer in favour of the Security Trustee over Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Deed of Charge following a Perfection Event (a **Scottish Sasine Sub-Security**)) or (ii) the recording of an assignation of a standard security ((which would extend to any assignation granted by the Seller in favour of the LLP in respect of Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Mortgage Sale Agreement (a **Scottish Sasine Transfer**)).

Accordingly, since 1 April 2016 the General Register of Sasines is closed to the recording of securities. Despite the provisions of the 2012 Act mentioned above, for the time being, other deeds such as assignations of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines indefinitely; although the Registers of Scotland have reserved the right to consult further on this issue in the future.

In addition, the 2012 Act introduced provision for the Keeper of the Land Register of Scotland to transfer a property title currently registered in the General Register of Sasines to the Land Register of Scotland without an application from the borrower (**Keeper Induced Registrations**). Registers of Scotland have now introduced Keeper Induced Registrations in certain counties for both publicly and privately owned properties and have published a list of affected postcodes on its website.

If a Perfection Event occurs then an application to record a Scottish Sasine Sub-Security in relation to Scottish Mortgages in the Portfolio (following the transfer of legal title to such Scottish Mortgages by way of a Scottish Sasine Transfer) could trigger a first registration in the Land Register of Scotland of the underlying Scottish Properties secured by the relevant Scottish Mortgages.

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016. As of this date, the General Register of Sasines is now closed to the recording of standard securities. As a result of this, if a Scottish Sasine Sub-Security is granted by the LLP this may lead to higher legal costs and a longer period being required to complete registration than would previously have been the case.

Notwithstanding the provisions of the 2012 Act mentioned above, for the time being other deeds such as assignations of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines indefinitely (although Registers of Scotland have reserved the right to consult further on this issue in the future).

Given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline, it is likely that, in relation to the current Portfolio only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

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, gives eligible individuals in England and Wales the right to legal protection from their creditors, including almost all enforcement action, during a "breathing space". A standard breathing space period will give an individual in England and Wales, with problem debt, legal protection from creditor action for up to 60 days; and a mental health crisis breathing space will give an individual in England and Wales protection from creditor action for the duration of the individual's 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 mortgages, except for arrears which are uncapitalised at the date of the application under the Breathing Space Regulations. 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 they confirm 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.

FCA Consumer Duty

The FCA published final rules on the introduction of a new consumer duty on regulated firms (the **Consumer Duty**) which aims to set a higher level of consumer protection in retail financial markets. The Consumer Duty came into effect from 31 July 2023 for products and services that remain open to sale or renewal and will come into effect 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 in respect of Regulated Mortgage Contracts (as well as loans falling within the consumer credit regime). It will apply 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. It is not yet possible to predict the precise effect of the new Consumer Duty on the Loans with any certainty.

Potential effects of any additional regulatory changes

In the UK and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the UK, regulators such as the CMA, the PRA and the FCA (and their predecessors) have recently carried out, or are currently conducting, several enquiries. In recent years there have been several issues in the UK financial services industry in which these local bodies have intervened directly, including the sale of card and identity protection policies, interest rate hedging products, payment protection insurance, personal pensions and mortgage-related endowments.

No assurance can be given that additional regulatory changes by the CMA, the FCA, the Ombudsman or any other regulatory authority will not arise with regard to the mortgage market in the UK generally or specifically in relation to the Servicer or the Seller.

THE PORTFOLIO

The Initial Portfolio and each New Portfolio acquired by the LLP (the **Portfolio**) consist (or will consist) of Loans and their Related Security originated by the Seller (which includes building societies subsumed into the Seller, including Portman Building Society, Staffordshire Building Society and Anglia Building Society) and sold by the Seller to the LLP from time to time, in accordance with the terms of the Mortgage Sale Agreement, as more fully described under "*Summary of the Principal Documents—Mortgage Sale Agreement*".

For the purposes hereof:

Initial Portfolio means the portfolio of Loans and their Related Security referred to in the Mortgage Sale Agreement as at the Initial Programme Date (other than any Loans and their Related Security which have been redeemed in full prior to the First Transfer Date), and all right, title, interest and benefit of the Seller in and to:

(a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Interest, Capitalised Expenses and Capitalised Arrears) and other sums due or to become due in respect of such Loans and Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal moneys, interest and costs and the right to sue on all covenants and any undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Conditions;

(b) subject where applicable to the subsisting rights of redemption of Borrowers, all Deeds of Consent, Deeds of Postponement, MHA Documentation or any collateral security for the repayment of the relevant Loans;

(c) the right to exercise all the powers of the Seller in relation thereto;

(d) all the estate and interest in the Properties vested in the Seller;

(e) to the extent they are assignable, each Certificate of Title and Valuation Report (in each case where available) and any right of action of the Seller against any solicitor, licensed conveyancer, qualified conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with such Loans and Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make any such Loan or part thereof;

(f) all rights, title and interests of the Seller (including, without limitation, the proceeds of all claims) to which the Seller is entitled under the Buildings Insurance Policies and the Properties in Possession Policies; and

(g) the Insurance Policies, so far as they relate to the Loans comprised in that portfolio of Loans and their Related Security, including the right to receive the proceeds of any claim.

New Portfolio means in each case the portfolio of New Loans and their Related Security (other than any New 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 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 (g) above.

Characteristics of the loans

Repayment terms

Loans may combine one or more of the features listed in this section. Other customer incentives may be offered with the product including free valuations and payment of legal fees. Additional features such as the ability to make overpayments or underpayments and, prior to 4 March 2010, payment holidays (temporary suspension of monthly payments) were also

available to most borrowers and under certain circumstances. See "*—Overpayments and underpayments (or flexible payments or payment holidays)*" below.

Loans are typically repayable on one or a combination of both of the following bases:

- **repayment**: the borrower makes monthly payments of both interest and principal so that, when the loan matures, the full amount of the principal of the loan will have been repaid; and

- **interest-only**: the borrower makes monthly payments of interest but not of principal; when the loan matures, the entire principal amount of the loan is still outstanding and is payable typically but not necessarily in one lump sum.

In the case of either repayment loans or interest-only loans, the required monthly payment may alter from month to month for various reasons, including changes in interest rates.

For interest-only loans, because the principal is repaid in a lump sum at the maturity of the loan, the borrower is recommended to have some repayment mechanism (such as an investment plan) which is intended to provide sufficient funds to repay the principal at the end of the term.

Principal prepayments may be made in whole or in part at any time during the term of a loan, subject to the payment of any early repayment charges (as described in "*—Early repayment charges*" below). A prepayment of the entire outstanding balance of a loan discharges the mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid expenses and applicable repayment fee(s).

Various methods are available to borrowers for making payments on the loans, including:

- direct debit instruction from a bank or building society account;

- standing order from a bank or building society account;

- payments made at the Seller's branches; and

- internal transfer if the borrower has a current account with the Seller.

Interest payments and interest rate setting

The Seller has responded to the competitive mortgage market by developing a range of products with special features that are used to attract new borrowers and retain existing borrowers. Interest on the loans is charged on one or a combination of the following bases:

- **Standard variable mortgage rate loans** are loans subject to the Seller's Standard Variable Mortgage Rate (the **SVMR**). The Seller has two SVMRs: (i) the BMR which is capped at 2% above the Bank of England base rate; and (ii) the SMR which was introduced for loans offered with effect from April 2009 and does not have an interest rate cap.

- **Fixed rate loans** means those loans to the extent that and for such time that the interest rate payable by the borrower on all or part of the outstanding principal balance does not vary and is fixed for a certain period of time by the Seller.

- **Tracker rate loans** means those loans to the extent that and for such time that the interest rate payable by the borrower is linked to a variable rate other than the SMR or the BMR (and shall, for the avoidance of doubt, exclude loans during the period that they are fixed rate loans or standard variable rate loans). The interest rate on tracker rate loans is currently set at a margin by reference to rates set by the Bank of England.

The SVMR and some tracker rates may apply for the life of the loan. Otherwise, each of the above rates is offered for a predetermined period, usually between two and ten years, at the commencement of the loan (the **product period**). At the end of the product period the rate of interest charged will either (a) move to some other interest rate type for a predetermined period or (b) revert to, or remain at, the BMR or the SMR. All loans the offers for which were made since April 2009 and loans the offers for which were made before that date which have since switched product will revert to the SMR. Loans the offers for which were made before April 2009 and have not switched product will revert to the BMR. In certain instances, early repayment charges are payable by the borrower if the loan is redeemed within a specified period. See "*—Early repayment charges*" below.

Since 1 May 2001 all loans originated by the Seller have had their interest calculated on a daily basis rather than on an annual basis. Any payment of principal by the borrower will immediately reduce the principal balance on which interest will be calculated the following day. Prior to this date, all loans had carried interest calculated on an annual basis.

The following is a summary of the provisions relating to interest rate variations contained in the various Mortgage Conditions:

- **Nationwide** – under the Nationwide mortgage conditions prior to 1999, the Seller may change the interest rate at any time and for any reason. Under the 1999, 2001 and 2008 Nationwide mortgage conditions (the latter of which have superseded all other mortgage conditions in relation to the Seller's mortgage origination business), the Seller can only change the interest rate for a number of specified reasons. These reasons include, by way of example, to reflect (a) a change in the cost of funds used in the Seller's mortgage lending business, (b) a change in the law or regulatory requirements or a decision by a court, (c) a change in the way the property is used or occupied, or (d) a change in the credit risk relating to the loan. The 2008 Nationwide mortgage conditions incorporate additional reasons including to reflect changes in general interest rates, to respond to changes in the rates applying to the Seller's savings business and to maintain the Seller's financial strength for the benefit of its members. It should be noted that the mortgage conditions referred to in this section do not apply in Scotland but that similar conditions apply separately in Scotland.

  If the Seller wishes to increase the interest rate, it must first give notice to the borrower of the increase, either by advertisement or personal notice. Under all of the Nationwide mortgage conditions (but not the 1986 Anglia mortgage conditions) the borrower may then repay the loan without paying interest at the increased rate if the borrower gives notice of its intention to repay within one month of the notice of increase and repays the loan (or the part of it which is affected by the increase) together with any early repayment charge and any unpaid interest and expenses within three months of the notice of increase.

- **Portman** – under the 1994 Portman mortgage conditions the Seller may vary the interest rate at any time and for any reason. Any increase in the interest rate is required to be publicised in accordance with the requirements of the Portman Building Society Rules. However, following a transfer of the mortgage, the Rules cease to apply and an increase in the interest rate will not come into effect until notice of the increase is served on the borrower in writing or given to the borrower by such alternative method as may have been notified to the borrower prior to the transfer.

  Under the post-1995 Portman mortgage conditions the Seller can vary the interest rate for a number of specified reasons. These reasons include, for example, to reflect changes in law or in regulatory requirements or where there has been or it is reasonably expected that there will be a change in the cost of the funds the Seller uses in its secured lending business (or alternatively in the case of the 1995 to 1997 Portman mortgage conditions if there has been or it is reasonably expected that there will be a general change in the rates of interest applicable to secured loans or if the Seller intends at the same time or shortly afterwards to increase the rate of interest paid to its investors or depositors to attract or retain funds). The post-1995 Portman mortgage conditions also contain a separate right for the Seller to vary the interest rate for any other valid reason if (a) under the terms and conditions then applicable to the mortgage the borrower can repay the mortgage debt without paying a repayment fee, or (b) the Seller allows the borrower to repay the debt within two months of the variation without charging the borrower any repayment fee or other costs of repayment which would ordinarily be payable. Under the post-1997 Portman mortgage conditions the borrower is required to be given notice of any change in the interest rate.

The current policy of the Seller is to rely upon the reasons specified in the 2008 Nationwide mortgage conditions in order to change the interest rate applicable to all mortgage loans of the Seller, regardless of the date of origination.

If applicable, the Servicer will also be responsible for setting any variable margins in respect of new tracker rate loans that are sold to the LLP in the future. However, in maintaining, determining or setting these variable margins, except in the limited circumstances as set out in the Servicing Agreement, the Servicer has undertaken to maintain, determine or set the variable margins at a level which is not higher than the variable margins set in accordance with the Seller's policy from time to time. The Seller has a variable base rate cap whereby it has capped its BMR at no more than 2% above the Bank of England base rate at any time. The Seller currently cannot increase the cap.

Early repayment charges

The borrower may be required to pay an early repayment charge if certain events occur during the predetermined product period and the loan agreement states that the borrower is liable for early repayment charges and the Seller has not waived or revised its policy with regard to the payment of early repayment charges. These events include a full or partial unscheduled repayment of principal, or an agreement between the Seller and the borrower to switch to a different mortgage product. If all or part of the principal owed by the borrower, other than the scheduled monthly payments, is repaid before the end of the product period, the borrower will be liable to pay to the Seller a repayment fee based on a percentage of the amount repaid or switched to another product. If the borrower has more than one product attached to the mortgage, the borrower may choose under which product the principal should be allocated.

Borrowers whose mortgage offers were made before 29 May 2013 are currently permitted to make an overpayment of up to £500 each month (or in some cases, up to 10% of the original loan within a 12 month period) and Borrowers whose mortgage offers were made on or after 29 May 2013 are permitted to make an overpayment of up to 10% of the original loan within a 12 month period, without being required to pay any early repayment charge. This figure may be reviewed from time to time to reflect market conditions. In certain circumstances such as the death of a borrower where a life policy is used to redeem the mortgage and where a critical illness claim redeems or reduces the balance on the mortgage, early repayment charges are usually waived.

If the borrower repays its mortgage during an early redemption charge period to move house, the borrower may not have to pay the charge if the borrower takes out a new loan for the new home and transfers both the balance and the terms of the existing loan to the new home.

Some mortgage products do not include any provisions for the payment of an early repayment charge by the borrower. Early repayment charges will not be included in Revenue Receipts.

Overpayments and underpayments (or flexible payments or payment holidays)

Most loans other than formerly CCA regulated loans (which are now consumer credit back book mortgage contracts) (including flexible advances) are subject to a range of options, selected by the borrower, that give the borrower greater flexibility in the timing and amount of payments under each loan. Most loans other than formerly CCA regulated ones (which are now consumer credit back book mortgage contracts) (including flexible advances) offer one or more of the features described below, subject to certain conditions and financial limits:

Overpayments – borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time subject to payment of early repayment charges where appropriate.

Underpayments – where borrowers have previously overpaid, they may reduce their monthly payments below the amount of the applicable monthly payment or make an irregular underpayment. Borrowers are not permitted to make underpayments that exceed the total of previous overpayments less the total of previous underpayments.

Payment holidays – borrowers whose loans were reserved prior to 4 March 2010 may apply for a break from making monthly payments, normally up to 12 months subject to, among other things, maximum LTV criteria taking into account the revised outstanding principal balance of the loan after such break in instalments, payments under the mortgage being

fully up to date and the borrower having made at least the last 12 monthly payments prior to the date of application for the payment holiday. An approval of such application and the determination of such period are at the discretion of the Seller. Payment holidays are not permitted in respect of flexible advances.

Cash re-draws or borrow backs – where borrowers have previously overpaid on loans reserved prior to 4 March 2010, they may re-draw or borrow back an amount up to the value of those overpayments.

Flexible Loans and Flexible Advances

Flexible loans are a type of loan product that typically incorporates features that give the borrower options (which may be subject to certain conditions) to, among other things, make further drawings on the loan account and/or to overpay or underpay interest and principal in a given month and/or take a payment holiday.

Flexible advances are loans for unrestricted purposes (which may have been CCA regulated and would now be consumer credit back book mortgage contracts) offered to borrowers with existing loans (other than a flexible advance) from the Seller which is secured on the same property that secures the borrower's existing loan. Some flexible advances permit the borrower to make further draws up to the fixed credit limit extended under the mortgage conditions at the inception of the flexible advance. Flexible advances ceased to be made available after 1 December 2008.

Further advances

If a borrower wishes to take out a further loan secured by the same mortgage, and provided not less than six months have passed since the date of completion of the initial loan, the borrower will need to make a further advance application and the Seller will use the Lending Criteria applicable to further advances at that time which include, among other things, payments under the mortgage being fully up to date and the borrower not having missed any of the last six monthly payments prior to the date of application for the further advance. Approval of such application is at the discretion of the Seller. All further advances require the postponement of any second charge or standard security.

Some Loans in the Portfolio may have Further Advances made on them prior to their being sold to the LLP and Loans added to the Portfolio in the future may have had Further Advances made on them prior to that time.

If a Loan is subject to a Further Advance after being sold to the LLP, the Seller will be entitled to repurchase the Loan and its Related Security from the LLP or be deemed to have made a Capital Contribution in Kind in consideration of such Further Advance. See further "*Summary of the Principal Documents—Mortgage Sale Agreement*" and "*Summary of the Principal Documents—LLP Deed*".

Product switches

From time to time, borrowers may request or the Servicer may send an offer of a variation in the financial terms and conditions applicable to the borrower's loan. In limited circumstances, if a Loan is subject to a Product Switch as a result of a variation, then the Seller will be required to repurchase the Loan or Loans and their related security from the LLP. Those limited circumstances are that, as at the relevant date, any of the Representations and Warranties in relation to that Loan, as described in "*Summary of the Principal Documents—Mortgage Sale Agreement*", would be breached upon the making of that Product Switch. See further "*Summary of the Principal Documents—Mortgage Sale Agreement*".

Origination channels

The Seller currently derives its mortgage-lending business from its branch network throughout the United Kingdom, through intermediaries and from internet and telephone sales.

The policies and procedures relevant to the origination of the mortgage loan advances are substantially similar to those set out below. It should, however, be noted that the policies and procedures have changed over time and not all of the included mortgage loan advances will have been originated under these policies and procedures.

All loans are prime mortgage loans secured over owner occupied residential property that were originated by the Seller or another member of Nationwide. A small proportion of historic prime lending (which may be for the purchase of part-residential/part-commercial property to be occupied by the borrower) is ineligible for sale to the LLP. Specialist mortgages including buy-to-let and self-certification mortgage loans secured against residential properties were originated by two wholly owned subsidiaries of the Seller, UCB Home Loans Corporation Limited (**UCBHL**) and The Mortgage Works (UK) plc (**TMW**) but are now only originated by TMW. The mortgages originated by UCBHL and TMW are ineligible for sale to the LLP.

Right-to-buy loans

The Portfolio may include Right to Buy Loans, each being a loan entered into by the relevant borrower as a means to purchase, refinance or improve a residential property from a local authority or other social landlord (each a **landlord**) under the "right to buy schemes" governed by the **right to buy legislation** (being the Housing Act 1985 and the Housing Act 1996 (each as amended and updated from time to time) (in the case of English Mortgages) and the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001 (in the case of Scottish mortgages) or governed by the Housing (Northern Ireland) Order 1983 (as amended) (in the case of Northern Irish mortgages)).

Properties sold under the right to buy legislation are sold by the relevant landlord at a discount to market value calculated in accordance with the right to buy legislation. A purchaser must repay a proportion of the discount received or the resale price (the **resale share**) if he or she sells the property within three years (or in the cases where the right to buy was exercised in relation to properties in England and Wales after 18 January 2005, five years) (the **RTB disposal period**). Under the right to buy legislation, the landlord as Seller obtains a statutory charge (or, in the case of a property in Scotland, a standard security) over the property in respect of the contingent liability of the purchaser under the scheme to repay the resale share.

In Scotland, under the provisions of the Housing (Scotland) Act 1987 (the **1987 Act**), a standard security granted in respect of the resale share ranks immediately after (1) a standard security granted in security of a loan for the purchase of the property or sums advanced for the purpose of improvements to that property and (2) a standard security over the property granted in security of any other loan where the local authority/social landlord has consented. The 1987 Act does not contain specific provisions obliging the local authority/social landlord to agree to the postponement of the discount security granted in respect of the resale share, but the point is specifically addressed and ranking established by the legislation which as noted specifically ranks any standard security granted in respect of the resale share behind security which is given in respect of a loan for the purchase or improvement of the property. In respect of loans given for any other purpose(s), it is necessary to approach the local authority/social landlord for consent to the security ranking prior to the discount security granted in respect of the resale share, although it should be noted that the 1987 Act does not oblige the local authority/social landlord to grant such consent.

In England the statutory charge ranks senior to other charges including that of any mortgage lender unless (i) the mortgage lender has extended the mortgage loan to the purchaser for the purpose of enabling him to exercise the right to buy or for "approved purposes" under the scheme (including refinancing loans made for the purpose of enabling the exercise of the right to buy and repair works to the property) and is an approved lending institution for the purposes of the Housing Act 1985 and the Housing Act 1996 or (ii) the relevant local authority issues a letter or Deed Of Postponement postponing its statutory charge to that of a mortgage lender. In the case of loans made for approved purposes, the statutory charge is only postponed if the relevant landlord agrees to the postponement but the relevant legislation obliges the landlord to agree to the postponement. However, in practice the lender will need to provide evidence to the relevant landlord as to whether the loan was made for approved purposes.

The Seller is an approved lending institution under the Housing Act 1985 and the Housing Act 1996. The Seller as a matter of policy does not lend during the RTB disposal period above the amount required to purchase such properties (plus legal costs up to £500) unless wholly for an approved purpose under the applicable right to buy legislation. The Seller insists that the relevant landlord's approval for loans for "approved purposes" is in place before making the loan since, until that approval is given, the relevant advance ranks behind the statutory charge. In the case of remortgages, borrowers may in the future be offered the option of paying for insurance cover to benefit the Seller in relation to the risk

that a remortgage loan does not have full priority to the statutory charge rather than paying the administrative costs of obtaining the relevant landlord's approval for the postponement of the statutory charge to the remortgage.

Amendments to the Housing Act 1985 introduced by the Housing Act 2004 give the relevant landlord a right of first refusal should the relevant property be disposed of within the first ten years following the exercise of the right to buy (when the right to buy is exercised after 18 January 2005). The consideration payable by the relevant landlord is the value of the property determined, in the absence of agreement between the landlord and the owner, by the district valuer. This right of first refusal may add to the time it takes to dispose of a property where the Seller enforces its security, and the district valuer may determine that the value of the property is lower than that the Seller believes is available in the market.

In Northern Ireland, a similar scheme operates through the Northern Ireland Housing Executive (the **NIHE**), although certain differences apply regarding repayment of discount. The discount covenant charge which is created under the standard terms of the NIHE scheme takes priority immediately after any mortgage securing any amount left outstanding by the purchaser and advanced to him by a lending institution for the purpose of buying his house (and for some other purposes).

In relation to any subsequent charge granted to any lending institution other than the institution which provided the initial loan to buy a house, the NIHE has discretion to postpone its charge to this subsequent charge. Such a subsequent charge would include a charge in favour of a new or subsequent lender if the purchaser were to transfer his initial mortgage to a new or subsequent lender within a period of three years after the purchase of the house or, in those cases where the right to buy was exercised after 18 May 2004, five years (being the period during which the NIHE may recoup discount pursuant to the discount covenant charge). The discretion is rarely exercised by the NIHE. Considerations in respect of application of the money for approved purposes do not apply in Northern Ireland.

Underwriting

The Seller's underwriting approach is continually developed and enhanced. The Seller currently adopts a system based approach to lending assessment. This assessment is made with reference to three independent components:

(a) Credit score: calculation of propensity to default based on a combination of customer supplied, internal performance and credit bureau data;

(b) Affordability: calculation of an individualised lending amount that reflects the applicant's income net of tax, credit commitments and assumed living expenses, which vary according to income, number of applicants and dependants; and

(c) Policy rules: a range of automated and manually applied rules to decline applications outside Lending Criteria or to set limits on loans which fall within lending criteria.

The underwriting approach returns a decision categorised into "accept", "refer" and "decline". For each decision type, the system also specifies the level of status required. Prior to December 2011, certain low risk applications were eligible to have income verification and payment history requirements waived.

Mortgage applications are either approved by an approvals officer, or under a task-based approvals process. Mandates for approvals officers are split between those that operate from regional service centres where the approver can mandate all loans that meet "accept" and certain "refer" credit score criteria, and the credit risk underwriting team. For these applications, the approvals officer satisfies themselves as to the plausibility of any material information for which no independent proof was required under policy rules. The task-based approval process combines comprehensive case level management information and exception reporting to enable optimal tracking and control. Under the task-based approvals process some aspects will require independent proof of certain information to be provided. Approved employees are allocated roles appropriate to their competence to complete the relevant tasks. Once all tasks have been satisfactorily completed, a mortgage offer may be generated by the task-based system.

In all cases, the credit risk underwriting team reviews and where appropriate approves credit score overrides classified as a Head Office "refer" and can also override declines if they are appealed. A senior risk management committee assesses the credit score levels for "accept", "refer" and "decline" and may adjust the "accept" and "refer" decisions to a "decline" to reflect changing market conditions.

Mortgage underwriting decisions and lending mandates are subject to internal monitoring by the Seller to ensure the Seller's procedures and policies regarding underwriting are being followed by staff.

Lending Criteria

Each loan was originated in accordance with the Seller's (or other member of Nationwide, as applicable) Lending Criteria which were applicable at the time the loan was offered. The Lending Criteria in the case of each loan originated by the Seller (or other member of Nationwide) and included in the Portfolio as at the date of this Base Prospectus (or, in the case of Loans originated by a member of Nationwide other than the Seller, anticipated to be included in the Portfolio in the future) are the same as, or substantially similar to, the criteria described in this section. New Loans may only be included in the Portfolio if they are originated in accordance with the Lending Criteria and are compliant with the Eligibility Criteria as set out in the Mortgage Sale Agreement and summaries above under "*Summary of the Principal Documents—Mortgage Sale Agreement*". However, the Seller retains the right to revise its Lending Criteria from time to time; therefore, the criteria applicable to new loans may not be exactly the same as those currently included.

To obtain a loan, each prospective borrower completes an application form (or submits an application online) which includes information about the applicant's income, current employment details, bank account information, current mortgage information, if any, and certain other personal information. The Seller completes a credit reference agency search in all cases against each applicant at their current address and, if necessary, former addresses, which gives details of public information including any county court judgments (or the Scottish or Northern Irish equivalent) and bankruptcy details. Some of the factors currently used in making a lending decision are as follows:

Employment Details

The Seller generally operates the following policy in respect of the verification of a prospective borrower's income details. Under this policy, the Seller categorises prospective borrowers as either "employed" or "self-employed". Proof of income for employed prospective borrowers applying for loans may typically be established by the borrower's most recent monthly payslip and P60. If at the end of the financial year the P60 is not available, the year to date gross income figure from the March payslip may be utilised. The Seller also uses auto income verification for lower risk applications which meet certain criteria and would not require proofs.

Proof of income for self-employed prospective borrowers may typically be established by:

- A signed accountant's certificate where the applicant has at least two full years' accounts. The latest financial period must not be more than 18 months ago, at the time the case is approved.

- HMRC tax calculations and corresponding tax year overviews for the last two years, the most recent of which must cover a tax year ended no more than 18 months ago, at the time the case is approved.

Prior to December 2011, the Seller operated a process for certain high quality applicants identified by the lending assessment described under "*—Underwriting*" above whereby income was accepted as stated by the prospective borrower without further proof, once positive identification of the borrower was provided and the borrower had passed the Seller's credit scoring and other eligibility criteria. The Seller reserved the right to require proof of income where deemed appropriate.

1. Valuation

The Seller requires that a valuation of the property be obtained either from a valuer employed by the Seller, an independent firm of professional valuers or an automatic valuation model (**AVM)** supplied by an approved AVM

provider. The valuer will provide a mortgage valuation report based on an inspection of the property or a remote / desk based valuation which may not involve visiting or entering the property. Any valuation of the property is checked against a series of policy rules which will indicate whether the valuation is acceptable, or whether a referral is required.

An AVM is used subject to business rules related to the property type, the LTV ratio, maximum and minimum property values and the AVM achieving an acceptable confidence level. Where a prospective borrower's loan application fails to meet the business rules for AVMs, the property will be valued by an independent valuer.

All aspects of valuation policy and the business rules applied are reviewed periodically.

2. Property types

The Seller applies business rules related to property type, location, purpose/use of property and tenure to determine the eligibility of properties to serve as security for loans. The Eligibility Criteria for Loans to be included in the Portfolio is restricted to properties used as residential property for owner occupiers located throughout the United Kingdom, except the Isle of Man, the Isles of Scilly and more remote Scottish Islands.

The following tenures are eligible: freehold (in Scotland, heritable) and leasehold houses, leasehold flats, commonhold and Scottish Ownership. In the case of a loan secured by a leasehold property, the Seller requires that the unexpired term of the lease be at least 30 years (in England) or 50 years (in Scotland and Northern Ireland) from the end of the agreed loan term. Since December 2007 these requirements have included an absolute minimum unexpired lease term of 55 years at the inception of the loan.

3. Loan amount

The Seller's product maximum loan amount is £5,000,000 and a scale of mortgage mandate approval levels is applied. However, loans exceeding £2,000,000 are subject to the approval of an appropriately mandated Underwriter in the credit risk underwriting team of the Seller. Certain other LTV limits apply and trigger assessment from a suitably mandated Underwriter. The Seller has represented and warranted in the Mortgage Sale Agreement that all Loans have a True Balance of less than £1,000,000. Where the True Balance of a Loan in the Portfolio exceeds £1,000,000, the Loan will be repurchased by the Seller.

4. Term

The maximum initial mortgage term is 40 years.

5. Age of applicant

All borrowers in respect of all loans must be aged 18 or over. Since July 2008, all new loans have been restricted to terms that do not extend beyond the eldest applicant's 75th birthday, with some exceptions for existing borrowers already outside this limit.

6. Status of applicant(s)

The maximum loan amount of the loan(s) under the mortgage account is determined by a number of factors, including the applicant's income. In determining income, the Seller includes basic salary along with performance or profit-related pay allowances, mortgage subsidies, pensions, annuities, overtime, bonus, commission, rental income and selected investment income.

Prior to December 2011, the criterion for limited income verification for certain high quality applicants as identified by the lending assessment described under "*—Underwriting*" above was determined by a risk-based approach adopted to set the most appropriate levels for limited income verification, together with other policy rules. The criterion for limited income verification was weighted towards lower loan-to-value loans. A senior

risk management committee reviewed performance of such loans and determined adjustments to the criterion from time to time to reflect market conditions. The performance of full and limited income verification is monitored by category of origination with limited income verification loans to date performing better than full income verification.

The affordability calculation, used in all cases, takes the applicants' gross incomes, including prescribed elements of additional and secondary incomes, credit commitments with more than six months remaining, other non-standard outgoings and an allowance for household costs to derive an affordable loan amount.

Where there are two applicants, the Seller adds joint incomes together for the purpose of calculating the applicants' total income.

The Seller, through its central underwriting unit, may exercise discretion within its Lending Criteria in applying those factors that are used to determine the maximum amount an applicant can borrow. Accordingly, these parameters may vary for some mortgage loans. The Seller may take the following into account when applying discretion: credit score result, existing customer relationship, LTV, known changes in circumstances and total income needed to support the loan.

7. Credit history

(a) Credit Search

A credit search is carried out on the first two applicants. Applications may be declined where an adverse credit history (for example, county court judgment (or the Scottish or Northern Irish equivalent), default or bankruptcy notice) is revealed.

(b) Payment History

Subject to the credit score result in some cases the Seller may seek to see the borrower's bank statements and a reference from any existing and/or previous lender. Any reference must satisfy the Seller that the account has been properly conducted and that no history of material arrears exists. The Seller may substitute the reference with the bureau record obtained as a result of the credit search.

8. Scorecard

The Seller uses some of the criteria described here and various other criteria to produce an overall score for the application that reflects a quantitative measure of the risk of advancing the loan. The scorecard has been developed using the Seller's own data and experience of its own mortgage accounts. The lending policies and processes are determined centrally to ensure consistency in the management and monitoring of credit risk exposure. Credit scoring applies statistical analysis to publicly available data, closed user group data obtained from credit reference agencies, the Seller's own cross holding data and customer-provided data to assess the likelihood of a mortgage account going into arrears.

The Seller reserves the right to decline an application that has achieved a passing score. It is the Seller's policy to allow only authorised individuals to exercise discretion in granting variances from the scorecard. The Seller does have an appeals process if an applicant believes that his/her application has been unfairly declined.

On a case-by-case basis, and within approved limits as detailed in the Seller's Lending Criteria, the Seller acting as a Reasonable, Prudent Mortgage Lender 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. New Loans and Further Advances (made prior to their assignment to the LLP or, if the Seller decides at a later date to retain such Loans subject to such Further Advances within the Portfolio, after their assignment to the LLP) that the Seller

has originated under Lending Criteria that are different from the Lending Criteria set out here may be assigned to the LLP.

Changes to the underwriting policies and the Lending Criteria

The Seller's underwriting policies and Lending Criteria are subject to change within the Seller's sole discretion. Loans and Further Advances that are originated under Lending Criteria that are different from the Lending Criteria set out here may be sold to the LLP.

Selected statistical information on the Portfolio for each Series

In respect of each Series of Covered Bonds, statistical information regarding the Loans as of the relevant measurement/testing date in the Portfolio will be set out in the applicable Final Terms. Please note, however, that the information provided is historical and, given that New Loans may be added to the Portfolio at any time, accordingly the statistical information provided at the time of issue may be different to the actual composition of the Portfolio at any given time.

Regulation of the UK Residential Mortgage Market

The Seller is subject to the FSMA 2000, MCOB (and other FCA rules) and the Ombudsman (which is a statutory scheme under the FSMA 2000) and certain other regulatory regimes as described in the section *"Supervision and Regulation"* on pages 147 – 149 of the Registration Document.

See also the following risk factors under "*Risk Factors—Risks relating to the Cover Pool—Maintenance of Portfolio" and "Risk Factors—Risks relating to the Cover Pool—Changes to the Lending Criteria of the Seller".*

DESCRIPTION OF THE UK REGULATED COVERED BOND REGIME

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 document, including the information set out below, before making any investment decision.

The Regulated Covered Bonds Regulations 2008 (SI 2008/346) (the **Original RCB Regulations**) and the corresponding implementation provisions, set out in the Regulated Covered Bonds Sourcebook published under the FSMA 2000 (the **RCB Sourcebook**), came into force in the United Kingdom on 6 March 2008 and were amended by the Regulated Covered Bonds Regulations (Amendment) Regulations 2008 (SI 2008/1714) (the **Amendment RCB Regulations** and, together with the Original RCB Regulations, the **RCB Regulations**). In summary, the RCB Regulations implement a legislative framework for UK covered bonds. The framework is intended to meet the requirements set out in Article 52(4) of Directive 2009/65/EC on undertakings for collective investment in transferable securities (the **UCITS Directive**). For further information on the new covered bond directive which replaces Article 52(4) of the UCITS and the regulatory treatment of the Covered Bonds, see the risk factor "*Harmonisation of the EU Covered Bond framework*".

Supervision and registration

The FCA performs certain supervision and enforcement-related tasks in respect of the new 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 and direct an issuer to publish information given to the FCA under the RCB Regulations. Moreover, as a body that regulates the financial services industry in the United Kingdom, the FCA may take certain actions in respect of issuers using its general powers under the UK regulatory regime (including restricting an issuer's ability to transfer further assets to the asset pool).

The Issuer was admitted to the register of issuers and the Programme was admitted to the register of regulated covered bonds under the RCB Regulations on 11 November 2008.

Requirements under the legislative framework

The RCB Regulations and the RCB Sourcebook include various requirements related to registered 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). Whilst the framework has been shaped to generally accommodate existing UK covered bond structures (such as that contemplated in respect of Covered Bonds previously issued under the Programme), certain changes are required to such structures to meet the requirements of the RCB Regulations.

The UK authorities undertook reviews of the UK legislative framework in 2011 and 2012 and certain changes were made to the regime with the intention of enhancing the attractiveness of UK regulated covered bonds to investors. These changes took effect from 1 January 2013 and include the following:

- *Single asset pool designation* – issuers are required to designate their 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, liquid assets) or a mixed asset pool (consisting of all eligible property for the purposes of the RCB Regulations). The Issuer has provided the necessary certifications for the

Programme to be registered as a single asset pool programme, falling in class two. As a result, the Asset Pool will consist solely of residential mortgage loans and certain liquid assets, being UK government securities and cash deposits, all of which complies with paragraph 68(a) or (b) of Annex VI to the Banking Consolidation Directive (2006/48/EC). 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 fixed minimum coverage requirement for interest* – under the new requirements, the total principal amount outstanding on the loans constituting eligible property in the asset pool will be required to be more than the total principal amounts outstanding in relation to the regulated covered bonds by at least 8% and a minimum threshold will apply 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 will be 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 each of these tests, the issuer can take into account certain liquid assets up to a maximum of 8% of those covered bonds that have a maturity date of one year or more and 100% of those covered bonds that have a maturity date of less than one year.

- *Investor reporting, including loan-level data* – investor reporting requirements will apply. In particular, issuers will be 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 will also be 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://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/*. The information set out on the website and the contents thereof do not form part of this Base Prospectus.

- *Asset pool monitor role* – new requirements have been introduced to formalise the role of the asset pool monitor. Under the new provisions, an asset pool monitor will be 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.

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.

See also "*Risk Factors—Risks relating to regulation of the Covered bonds—UK regulated covered bond regime*" and "*Risk Factors—Expenses of insolvency officeholders*".

DESCRIPTION OF LIMITED LIABILITY PARTNERSHIPS

Since 6 April 2001 it has been possible to incorporate a limited liability partnership in England, Wales and Scotland (but not Northern Ireland) under the Limited Liability Partnership Act 2000 (the **LLPA 2000**). Limited liability partnerships are legal entities that provide limited liability to the members of a limited liability partnership combined with the benefits of the flexibility afforded to partnerships and the legal personality afforded to companies.

Corporate characteristics

A limited liability partnership is more like a company than a partnership. A limited liability partnership is a body corporate with its own property and liabilities, separate from its members. Like shareholders in a limited company, the liability of the members of a limited liability partnership is limited to the amount of their capital because it is a separate legal entity and when the members decide to enter into a contract, they bind the limited liability partnership in the same way that directors bind a company. Members may be liable for their own negligence and other torts or delicts, like company directors, if they have assumed a personal duty of care and have acted in breach of that duty. Third parties can assume that members, like company directors, are authorised to act on behalf of the limited liability partnership.

The provisions of the Companies Act 2006 and the Insolvency Act 1986 have been modified by the Limited Liability Partnerships Regulations 2001 (as amended by the Limited Liability Partnerships from time to time) so as to apply most of the insolvency and winding-up procedures for companies equally to a limited liability partnership and its members. As a distinct legal entity a limited liability partnership can grant fixed and floating security over its assets and a limited liability partnership will survive the insolvency of any of its members. An administrator or liquidator of an insolvent member would be subject to the terms of the members' agreement relating to the limited liability partnership but a liquidator of an insolvent member may not take part in the administration of the limited liability partnership or its business.

Limited liability partnerships must file annual returns and audited annual accounts at Companies House for each financial year in the same way as companies.

Partnership characteristics

A limited liability partnership retains certain characteristics of a partnership. It has no share capital and there are no capital maintenance requirements. The members are free to agree how to share profits, who is responsible for management and how decisions are made, when and how new members are appointed and the circumstances in which its members retire. The members' agreement is a private document and there is no obligation to file it at Companies House.

Taxation

A limited liability partnership which carries on a trade or business with a view to profit (and which is not the subject of certain insolvency proceedings) is, generally speaking, treated as a partnership for corporation tax purposes. As such, the corporate members of a limited liability partnership, and not the limited liability partnership itself, are subject to corporation tax in relation to the business of the limited liability partnership in broadly the same way that the members of a partnership are subject to corporation tax in relation to the business of that partnership.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the LLP believe to be reliable, but none of the Issuer, the LLP, the Bond Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the LLP nor any other party to the Agency Agreements 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

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, 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 securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly owned subsidiary of The Depository Trust and Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**). More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Base Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **DTC Rules**), DTC makes book-entry transfers of Registered Covered Bonds among Direct Participants on whose behalf it acts with respect to Covered Bonds accepted into DTC's book-entry settlement system (**DTC Covered Bonds**) as described below and receives and transmits distributions of principal and interest on DTC Covered Bonds. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Covered Bonds (**Owners**) have accounts with respect to the DTC Covered Bonds similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Covered Bonds through Direct Participants or Indirect Participants will not possess Registered DTC Covered Bonds, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Covered Bonds.

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 Direct Participants or Indirect 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 effect 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 detail 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 "street name", and will be the responsibility of such Direct Participants or Indirect Participants, as applicable, 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 Participants and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Covered Bonds for Registered Definitive Covered Bonds, which it will distribute to its Direct Participants or Indirect 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*".

A Beneficial Owner shall give notice to elect to have its DTC Covered Bonds purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Covered Bonds by causing the Direct Participant to transfer the Participant's interest in the DTC Covered Bonds, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Covered Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Covered Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Covered Bonds to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Covered Bonds at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, Registered Definitive Covered Bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, Registered Definitive Covered Bonds will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Clearing and settlement in Australia

Upon the issuance of an A$ Registered Covered Bond, the Issuer will (unless otherwise agreed with the Covered Bondholder including by specification of such in the relevant Final Terms) procure that the A$ Registered Covered Bond is entered into the Austraclear System. Upon entry, Austraclear will become the sole registered holder and legal owner (**Registered Holder**) of the A$ Registered Covered Bond.

Members of the Austraclear System (**Accountholders**) may acquire rights against the Registered Holder in relation to an A$ Registered Covered Bond entered in the Austraclear System as beneficial owners. If potential investors are not Accountholders, they may hold their interest in the relevant A$ Registered Covered Bond through a nominee who is an Accountholder. All payments in respect of A$ Registered Covered Bonds entered in the Austraclear System will be made directly to an account of the Registered Holder or as it directs in accordance with the Austraclear Regulations.

Secondary market transfers

Secondary market transfers of A$ Registered Covered Bonds held in the Austraclear System will be conducted in accordance with the Austraclear Regulations and the Australian Deed Poll.

Relationship of Accountholders with the Registered Holder

Each of the persons shown in the records of the Austraclear System as having an interest in an A$ Registered Covered Bond issued by the Issuer must look solely to Austraclear for such person's share of each payment made to the Registered Holder in respect of that A$ Registered Covered Bond and to any other rights arising under that A$ Registered Covered Bond, subject to and in accordance with the Austraclear Regulations. Unless and until such A$ Registered Covered Bonds are uplifted from the Austraclear System and registered in the name of an Accountholder, such person has no claim directly against the Issuer or the LLP in respect of payments by the Issuer or the LLP and such obligations of the Issuer or the LLP will be discharged by payment to the Registered Holder (or as it directs) in respect of each amount so paid. Where a Registered Holder is registered as the holder of A$ Registered Covered Bonds that are lodged in the Austraclear System, the Registered Holder may, in its absolute discretion, instruct the A$ Registrar to transfer or "uplift" the A$ Registered Covered Bonds to the person in whose "Security Record" (as defined in the Austraclear Regulations) those A$ Registered Covered Bonds are recorded without any consent or action of such transferee and, as a consequence, remove those A$ Registered Covered Bonds from the Austraclear System.

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 Participant 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.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Covered Bonds will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bond Trustee, the Security Trustee, the Issuer, the LLP, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

UNITED KINGDOM TAXATION

*The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs' (**HMRC's**) practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom taxation purposes) in respect of the Covered Bonds. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Covered Bonds. The United Kingdom tax treatment of prospective holders of Covered Bonds depends on their individual circumstances and may be subject to change in the future. Any holders of Covered Bonds who are in doubt as to their tax position should consult their professional advisers.*

Prospective holders of the Covered Bonds should note that the particular terms of issue of any Series of Covered Bonds as specified in the applicable Final Terms may affect the tax treatment of that and any other Series of Covered Bonds and should be treated with appropriate caution. The comments below do not deal with the tax consequences of any substitution of the Issuer in accordance with Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution) of the 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 advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Covered Bonds. 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.

Payment of Interest by the Issuer on the Covered Bonds

Payments of interest on the Covered Bonds may be made without withholding or deduction for or on account of United Kingdom income tax provided that the Covered Bonds carry a right to interest and the Covered Bonds are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **ITA**). The London Stock Exchange is a recognised stock exchange for this purpose. Securities 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 FSMA 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Covered Bonds carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Covered Bonds will be payable without withholding or deduction for or on account of United Kingdom tax.

In other cases, if the Covered Bonds are capable of being listed on a "recognised stock exchange" at the time the interest on the Covered Bonds becomes payable, an amount must generally be withheld from such payments on account of United Kingdom income tax at the basic rate (currently 20%), subject to any available exemptions and 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 a Covered Bond, HMRC can issue a notice to the Issuer to pay interest to such holder 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 UK withholding tax treatment of payments by the LLP under the Covered Bond Guarantee that have a UK source is uncertain. If the LLP makes any payment in respect of interest on the Covered Bonds (or any other amounts due under the Covered Bonds other than the repayment of amounts subscribed for under the Covered Bonds), such payment may be subject to UK withholding tax, whether or not the Covered Bonds are listed on a "recognised stock exchange" within the meaning of section 1005 of the ITA. 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.

UNITED STATES FEDERAL INCOME TAXATION

The following summary describes certain US federal income tax consequences of the purchase, ownership and disposition of Covered Bonds. Except where noted, this discussion deals only with holders that acquire the Covered Bonds at their original issuance and that will hold the Covered Bonds as capital assets and does not address all the tax considerations that may be applicable to investors subject to special tax rules, such as dealers in securities or currencies, financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, individual retirement accounts and other tax-deferred accounts, insurance companies, persons holding Covered Bonds as a part of a hedging, integrated, conversion or constructive sale transaction or straddle, entities or arrangements treated as partnerships for US federal income tax purposes, traders in securities that elect to use the mark-to-market method of accounting for their securities holdings, persons that have ceased to be US citizens or lawful permanent residents of the United States, or US Holders (as defined below) of Covered Bonds whose "functional currency" is not the US dollar. The discussion below is based upon the provisions of the US Internal Revenue Code of 1986, as amended (the **Code**), its legislative history, final, temporary and proposed US Treasury regulations promulgated thereunder, published rulings and judicial decisions as of the date hereof, all of which are subject to change possibly with retroactive effect or possible differing interpretations so as to result in US federal income tax consequences different from those discussed below.

The discussion set forth below only covers Covered Bonds issued pursuant to this Programme that will constitute debt for US federal income tax purposes. If any Covered Bond did not constitute debt for US federal income tax purposes, the tax consequences of the ownership of such Covered Bond could differ materially from the tax consequences described herein. This summary does not address the US federal income tax consequences of every type of Covered Bond which may be issued under this Programme, such as Covered Bonds with an original maturity of more than 30 years, with certain contingent payment features or where redenomination is specified in the applicable Final Terms as being applicable, and additional or modified disclosure concerning certain US federal income tax consequences relevant to such types of Covered Bonds will be provided as appropriate. Moreover, this summary does not address US federal estate, gift, or alternative minimum tax considerations, the Medicare tax on net investment income or state, local or non-US tax considerations, or special tax accounting rules as a result of any item of gross income with respect to the Covered Bonds being taken into account on an applicable financial statement.

As used herein, a **US Holder** of a Covered Bond means a beneficial owner that is, for US federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or any political subdivision thereof (including the District of Columbia), (iii) an estate the income of which is subject to US federal income taxation regardless of its source, or (iv) a trust (X) that is subject to the supervision of a court within the United States and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust or (Y) that has a valid election in effect under applicable US Treasury regulations to be treated as a United States person. A **Non-US Holder** is a beneficial owner of Covered Bonds that is neither a US Holder nor a partnership nor a disregarded entity for US federal income tax purposes that is owned by a US Holder.

If an entity or arrangement treated as a partnership for US federal income tax purposes holds Covered Bonds, the tax treatment of a partner in such entity or arrangement will generally depend upon the status of the partner and the activities of the partnership. An entity or arrangement treated as a partnership for US federal income tax purposes considering holding Covered Bonds should consult its tax advisers concerning the US federal income tax consequences to it and its partners of the acquisition, ownership and disposition of the Covered Bonds by the partnership.

Bearer Covered Bonds are not being offered to US Holders. A US Holder who owns a Bearer Covered Bond may be subject to limitations under US federal income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Code. This summary does not otherwise address Bearer Covered Bonds.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY AND DOES NOT ADDRESS EVERY TYPE OF COVERED BOND THAT CAN BE ISSUED UNDER THE PROGRAMME. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE COVERED BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF US FEDERAL, STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

Except as set forth below, interest (including the amount of any taxes withheld and the payment of any additional amounts) on a Covered Bond, other than interest on an "Original Issue Discount Covered Bond" that is not "qualified stated interest" (each as defined below), generally will be taxable to a US Holder as ordinary income at the time it is paid or accrued in accordance with the US Holder's method of tax accounting, reduced by the allocable amount of amortisable bond premium, if any (discussed below). Interest income (including original issue discount (**OID**), if any, as discussed below) on the Covered Bonds will generally be treated as foreign source income. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Covered Bonds.

Pre- Issuance Accrued Interest

If a portion of the price paid for a Covered Bond is attributable to an amount of interest accrued prior to the date the Covered Bond is issued (the **pre-issuance accrued interest**), a portion of the first interest payment on the Covered Bond equal to the amount of the pre-issuance accrued interest may be treated as a nontaxable return of the pre-issuance accrued interest. The remainder of this discussion assumes that, if a Covered Bond is issued with pre-issuance accrued interest, the first interest payment on such Covered Bond will be so treated, and references to interest in the remainder of this discussion exclude pre-issuance accrued interest. Further, in determining the "issue price" of a Covered Bond issued with pre-issuance accrued interest, there will be excluded an amount equal to the pre-issuance accrued interest will be excluded from the price of such Covered Bond and pre-issuance accrued interest should not form part of any amortisable bond premium (as descried below under "*—Acquisition Premium; Amortisable Bond Premium*"). A US Holder's tax basis in a Note will be reduced by any nontaxable return of pre-issuance accrued interest. This discussion does not otherwise address the treatment of pre-issuance accrued interest, and US Holders should consult their tax advisers concerning the US federal income tax treatment of pre-issuance accrued interest.

Original Issue Discount

US Holders of Covered Bonds issued with OID will be subject to special tax accounting rules, as described in greater detail below. US Holders of such Covered Bonds should be aware that they generally must include OID in gross income as ordinary income in advance of the receipt of cash attributable to that income. However, US Holders of such Covered Bonds generally will not be required to include separately in income cash payments received on the Covered Bonds, even if denominated as interest, to the extent such payments do not constitute "qualified stated interest" (as defined below) and were previously included in income as OID. Covered Bonds issued with OID will be referred to as "**Original Issue Discount Covered Bonds**". The applicable Final Terms will specify if a series of Covered Bonds should be treated as Original Issue Discount Covered Bonds.

Additional rules applicable to Original Issue Discount Covered Bonds that are denominated in or determined by reference to a currency other than the US dollar are described under "*—Foreign Currency Covered Bonds*" below.

For US federal income tax purposes, a Covered Bond, other than a Covered Bond with a term of one year or less (a **Short-Term Covered Bond**), with an "issue price" (as defined below) that is less than its stated redemption price at maturity (the sum of all payments to be made on the Covered Bond other than payments of qualified stated interest) will be issued with OID unless such difference is de minimis (i.e., less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity or, in the case of a Covered Bond that provides for the payment of amounts other than qualified stated interest before maturity, the weighted average maturity). A Covered Bond's weighted average maturity is the sum of the following amounts determined for each payment on a Covered Bond (other than a payment of "qualified stated interest"): (i) the number of complete years from the issue date until the payment is made; multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Covered Bond's stated redemption price at maturity. The **issue price** of each Covered Bond in a particular offering will be the first price at which a substantial amount of that particular offering is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The term **qualified stated interest** means stated interest that is unconditionally payable over the entire term of the Covered Bond in cash or in property (other than debt instruments of the Issuer) at least annually at a single fixed rate or, subject to certain conditions, based on one or more interest indices. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments.

In the case of a Covered Bond issued with de minimis OID, the US Holder generally must include such de minimis OID in income at the time principal payments on the Covered Bond are made in proportion to the amount paid for the Covered Bond. Any amount of de minimis OID includable in income will be treated as capital gain.

Certain Covered Bonds may be redeemed prior to their maturity at the option of the Issuer. Original Issue Discount Covered Bonds containing such feature may be subject to rules that differ from the general rules discussed herein. In the case of Covered Bonds that provide for alternative payment schedules, OID is calculated by assuming that the Issuer will exercise or not exercise options in a manner that minimises the holder's yield.

US Holders of Original Issue Discount Covered Bonds with a maturity upon issuance of more than one year must, in general, include OID in income in advance of the receipt of some or all of the related cash payments. The amount of OID includible in income by the initial US Holder of an Original Issue Discount Covered Bond is the sum of the "daily portions" of OID with respect to the Original Issue Discount Covered Bond for each day during the taxable year or portion of the taxable year in which such US Holder held such Original Issue Discount Covered Bond (**accrued OID**). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. The "accrual period" for an Original Issue Discount Covered Bond may be of any length and may vary in length over the term of the Original Issue Discount Covered Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on either the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Original Issue Discount Covered Bond's "adjusted issue price" at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The **adjusted issue price** of an Original Issue Discount Covered Bond at the beginning of any accrual period is equal to its issue price increased by the amount of accrued OID for each prior accrual period (determined without regard to the amortisation of any acquisition or bond premium, as described below) and reduced by any payments made on such Covered Bond (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, a US Holder will generally have to include in income increasingly greater amounts of OID in successive accrual periods.

In the case of an Original Issue Discount Covered Bond that is treated as a "variable rate debt instrument" under US Treasury regulations (a **Floating Rate Covered Bond**), both the "yield to maturity" and "qualified stated interest" generally will be determined solely for purposes of calculating the accrual of OID as though the Floating Rate Covered Bond will bear interest in all periods at a fixed rate generally equal to the value of the rate that would be applicable to interest payments on the Covered Bond on its date of issue or, in the case of certain Floating Rate Covered Bonds, the rate that reflects the yield to maturity that is reasonably expected for the Covered Bond. Additional rules may apply if interest on a Floating Rate Covered Bond is based on more than one interest index or if the principal amount of the Floating Rate Covered Bond is indexed in any manner. Different rules may apply if a Floating Rate Covered Bond is treated as a "contingent payment debt instrument" under US Treasury regulations.

Certain Covered Bonds may be treated as contingent payment debt instruments for US federal income tax purposes. The applicable Final Terms will specify if a series of Covered Bonds should be treated as contingent payment debt instruments for US federal income tax purposes. Under applicable US Treasury regulations, interest on contingent payment debt instruments is treated as OID and must be accrued on a constant-yield basis based on a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed rate instrument with no contingent payments but with terms and conditions otherwise similar to the contingent payment debt instruments (the **comparable yield**), based on a projected payment schedule determined by the Issuer (the **projected payment schedule**). This projected payment schedule must include each non-contingent payment on the Covered Bond and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer will be required to provide to holders, solely for US federal income tax purposes, a schedule of the projected amounts of payments on such Covered Bonds that are treated as contingent payment debt instruments for US federal income tax purposes. The applicable Final Terms will either contain the comparable yield and projected payment schedule, or will provide an address to which a US Holder of a contingent payment debt instrument can submit a written request for this information. A US Holder generally will be bound by the comparable yield and the projected payment schedule determined by the Issuer unless the US Holder determines its own comparable yield and projected payment schedule and explicitly and timely justifies and discloses such schedule to the US Internal Revenue Service (**IRS**). The

Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE WILL NOT BE DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF CONTINGENT COVERED BONDS FOR US FEDERAL INCOME TAX PURPOSES AND WILL NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF THE COVERED BONDS.

Gain from the sale, exchange, retirement or other taxable disposition of a contingent payment debt instrument will be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the US Holder's total interest inclusions to the date of sale, exchange, retirement or other taxable disposition exceed the total net negative adjustments that the US Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a US Holder on the sale, exchange, retirement or other taxable disposition of a Covered Bond that is treated as a contingent payment debt instrument generally will be treated as foreign source gain or loss. Prospective purchasers should consult their tax advisers as to the US federal income tax consequences of purchasing contingent payment debt instruments.

US Holders may elect to treat all interest on any Covered Bond as OID and calculate the amount includible in gross income under the constant-yield method described above with certain modifications. For the purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. The election is to be made for the taxable year in which the US Holder acquired the Covered Bond, and may not be revoked without the consent of the IRS.

Short-Term Covered Bonds

In general, an individual or other cash basis US Holder of a Short-Term Covered Bond is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for US federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis US Holders and certain other US Holders are required to accrue OID on Short-Term Covered Bonds on a straight-line basis or, if the US Holder so elects, under the constant-yield method (based on daily compounding). In the case of a US Holder not required and not electing to include OID in income currently, any gain realised on the sale, exchange, retirement or other taxable disposition of the Short-Term Covered Bond will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale, exchange, retirement or other taxable disposition. US Holders who are not required and do not elect to accrue OID on Short-Term Covered Bonds will be required to defer deductions for interest on borrowings allocable to Short-Term Covered Bonds in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Covered Bond are included in the Short-Term Covered Bond's stated redemption price at maturity. A US Holder may elect to determine OID on a Short-Term Covered Bond as if the Short-Term Covered Bond had been originally issued to the US Holder at the US Holder's purchase price for the Short-Term Covered Bond. This election shall apply to all obligations with a maturity of one year or less acquired by the US Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

If a US Holder purchases a Covered Bond (other than a Short-Term Covered Bond) for an amount that is less than its stated redemption price at maturity (which for these purposes is decreased by the amount of any payments previously made on the Covered Bond that were not qualified stated interest) or, in the case of an Original Issue Discount Covered Bond, its revised issue price, the amount of the difference will be treated as "market discount" for US federal income tax purposes, unless such difference is less than a specified de minimis amount. For this purpose, the **revised issue price** of an Original Issue Discount Covered Bond generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments. Under the market discount rules, a US Holder will be required to treat any principal payment on, or any gain on the sale, exchange, retirement or other taxable disposition of, a Covered Bond as ordinary income to the extent of the market discount which has not previously been included in income and is treated as having accrued on such Covered Bond at the time of such payment or disposition. In addition, the US Holder generally will be required to

defer, until the maturity of the Covered Bond or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such Covered Bond. Such interest is deductible when paid or incurred to the extent of income from the Covered Bond for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Covered Bond was held by the US Holder.

Any market discount will be considered to accrue rateably during the period from the date of acquisition to the maturity date of the Covered Bond on a straight-line basis, unless the US Holder elects to accrue on a constant-yield method. This election to accrue market discount on a constant-yield method is to be made for the taxable year in which the US Holder acquired the Covered Bond, applies only to that Covered Bond, and may not be revoked without the consent of the IRS. A US Holder may elect to include market discount in income currently as it accrues (on either a rateable or constant-yield method), in which case the rule described above regarding deferral of interest deductions will not apply. This election to include market discount in income currently, once made, applies to all market discount obligations acquired on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Acquisition Premium; Amortisable Bond Premium

A US Holder that purchases an Original Issue Discount Covered Bond for an amount that is greater than its adjusted issue price but equal to or less than the sum of all amounts payable on the Covered Bond after the purchase date other than payments of qualified stated interest will be considered to have purchased such Covered Bond at an "acquisition premium." Under the acquisition premium rules, if the US Holder does not make the election to treat all interest as OID (as described above) then the amount of OID which such US Holder must include in its gross income with respect to such Covered Bond for any taxable year will be reduced by the portion of such acquisition premium properly allocable to such year.

A US Holder that purchases a Covered Bond (including an Original Issue Discount Covered Bond) for an amount in excess of the sum of all amounts payable on the Covered Bond after the purchase date other than qualified stated interest will be considered to have purchased the Covered Bond at a "bond premium". A US Holder generally may elect to amortise bond premium over the remaining term of the Covered Bond on a constant-yield method as an offset to interest when includible in income under the US Holder's regular tax accounting method. Special rules may limit the amortisation of bond premium with respect to Covered Bonds subject to early redemption. Bond premium on a Covered Bond held by a US Holder that does not make such an election will decrease the gain or increase the loss otherwise recognised on disposition of the Covered Bond. The election to amortise premium on a constant-yield method once made applies to all debt obligations held or subsequently acquired by the electing US Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Sale, Exchange and Retirement or Other Taxable Disposition of Covered Bonds

Upon the sale, exchange, retirement or other taxable disposition of a Covered Bond, a US Holder generally will recognise gain or loss equal to the difference between the amount realised upon the sale, exchange, retirement or other taxable disposition (less an amount equal to any accrued but unpaid qualified stated interest, which will be treated as a payment of interest for US federal income tax purposes) and the adjusted tax basis of the Covered Bond. A US Holder's adjusted tax basis in a Covered Bond will, in general, be the US Holder's cost therefor, increased by the amount of any OID, market discount or any income attributable to de minimis OID or de minimis market discount previously included in income by the US Holder and reduced by any amortisable bond premium applied to reduce interest on the Covered Bond and any payments on the Covered Bond other than qualified stated interest. Except as with respect to certain Short-Term Covered Bonds or Covered Bonds with market discount as described above, with respect to gain or loss attributable to changes in exchange rates, with respect to certain Foreign Currency Covered Bonds as described below, and with respect to contingent payment debt instruments as described above, such gain or loss will be capital gain or loss. Except with respect to Covered Bonds that are treated as contingent payment debt instruments as described above, gain or loss realised by a US Holder on the sale, exchange, retirement or other taxable disposition of a Covered Bond generally will be treated as US source gain or loss. Capital gains of individuals derived from capital assets held for more than one year may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Foreign Currency Covered Bonds

The following is a summary of the principal US federal income tax consequences to a US Holder of the ownership of a Covered Bonds denominated in a currency other than the US dollar (a **Foreign Currency Covered Bond**).

Qualified Stated Interest Payments

Cash basis US Holders are required to include in income the US dollar value of the amount of interest received, based on the "spot rate" for such foreign currency in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars. No exchange gain or loss is recognised with respect to the receipt of such payment.

Accrual basis US Holders may determine the amount of income recognised with respect to such interest payment in accordance with either of two methods. Under the first method, the US Holder will be required to include in income for each taxable year the US dollar value of the interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period or periods during which such interest accrued (or, in the case of an accrual period that spans two taxable years of a US Holder, the part within each taxable year). Under the second method, an accrual basis holder may elect to translate interest income at the spot rate on the last day of the accrual period (or last day of the taxable year in the case of a portion of an accrual period that straddles the holder's taxable year) or on the date the interest payment is received if such date is within five days of the end of the accrual period. Any such election will apply to all debt instruments held by the US Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by such holder and will be irrevocable without the consent of the IRS. Upon receipt of an interest payment on such Foreign Currency Covered Bond (including, upon the sale of or other taxable disposition of such Foreign Currency Covered Bond, the receipt of proceeds that include amounts attributable to accrued interest previously included in income), the accrual basis US Holder will recognise US source ordinary income or loss in an amount equal to the difference between the US dollar value of such payment (determined by translating any foreign currency received at the spot rate for such foreign currency on the date received) and the US dollar value of the interest income that such US Holder has previously included in income with respect to such payment, regardless of whether the payment is in fact converted into US dollars.

Original Issue Discount

OID on a Foreign Currency Covered Bond will be determined for any accrual period in the applicable foreign currency and then translated into US dollars in the same manner as interest income accrued by an accrual basis holder, as described above. Additionally, a US Holder will recognise exchange gain or loss (which will be treated as ordinary income or loss) when the OID is paid (including, upon the sale, exchange, retirement or other taxable disposition of such Foreign Currency Covered Bond, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference between the US dollar value of such payment (determined by translating any foreign currency received at the spot rate for such foreign currency on the date of payment) and the US dollar value of the accrued OID (determined in the same manner as for accrued interest). For these purposes, all receipts on a Foreign Currency Covered Bond will be viewed: first, as the receipt of any stated interest payments called for under the terms of the Foreign Currency Covered Bond; second, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as the receipt of principal.

Market Discount

The amount of market discount on Foreign Currency Covered Bonds includible in income will generally be determined by translating the market discount determined in the foreign currency into US dollars at the spot rate on the date the Foreign Currency Covered Bond is retired or otherwise disposed of. If the US Holder has elected to accrue market discount currently, then the amount which accrues is determined in the foreign currency and then translated into US dollars on the basis of the average exchange rate in effect during such accrual period (or portion thereof within the US Holder's taxable year), and the US Holder will recognise exchange gain or loss with respect to market discount determined using the approach applicable to the accrual of interest income described above.

Amortisable Bond Premium

Bond premium on a Foreign Currency Covered Bond will be computed in the applicable foreign currency. With respect to a US Holder that elects to amortise the premium, the amortisable bond premium will reduce interest income in the applicable foreign currency. At the time bond premium is amortised, exchange gain or loss (which is generally taxable as

ordinary income or loss) will be realised based on the difference between spot rates at such time and at the time of acquisition of the Foreign Currency Covered Bond. A US Holder that does not elect to amortise bond premium will translate the bond premium, computed in the applicable foreign currency, into US dollars at the spot rate on the maturity date and such bond premium will constitute a market loss which may be offset or eliminated by exchange gain.

Sale, Exchange and Retirement or Other Taxable Disposition of Foreign Currency Covered Bonds

Upon the sale, exchange, retirement or other taxable disposition of a Foreign Currency Covered Bond, a US Holder generally will recognise gain or loss equal to the difference between the amount realised upon the sale, exchange, retirement or other taxable disposition (less an amount equal to any accrued and unpaid interest, which will be treated as a payment of interest for US federal income tax purposes) and the US Holder's adjusted tax basis in the Foreign Currency Covered Bond.

If a US Holder receives foreign currency on the sale, exchange, retirement or other taxable disposition of a Foreign Currency Covered Bond, then the amount realised generally will be based on the spot rate of the foreign currency on the date of sale. For purchases and sales of Foreign Currency Covered Bonds traded on an established securities market, as defined in applicable US Treasury regulations, by a cash method taxpayer, however, foreign currency paid or received is translated into US dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of Foreign Currency Covered Bonds traded on an established securities market, provided that the election is applied consistently from year to year. This election cannot be changed without the consent of the IRS.

A US Holder's adjusted tax basis in a Foreign Currency Covered Bond generally will be the US Holder's cost therefore, which, in the case of a US Holder that purchases a Foreign Currency Covered Bond with foreign currency, will be the US dollar value of the foreign currency amount paid for such Foreign Currency Covered Bond determined at the time of such purchase. If the Foreign Currency Covered Bonds are traded on an established securities market, as defined in applicable US Treasury regulations, cash method taxpayers (and electing accrual method taxpayers) will determine the US dollar cost of the Foreign Currency Covered Bond on the settlement date.

Gain or loss recognised by a US Holder on the sale, exchange, retirement or other taxable disposition of a Foreign Currency Covered Bond will generally be treated as US source gain or loss. Subject to the foreign currency rules discussed below, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, retirement or other taxable disposition, the Foreign Currency Covered Bond has been held for more than one year. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

A US Holder will recognise exchange gain or loss attributable to the movement in exchange rates between the time of purchase and the time of disposition (including the sale, exchange, retirement or other taxable disposition) of a Foreign Currency Covered Bond. Such gain or loss will be treated as ordinary income or loss (and will not be taxable as interest income or expense, except to the extent provided in US Treasury regulations or administrative pronouncements of the IRS) and generally will be US source gain or loss. The realisation of such gain or loss (including any exchange gain or loss attributable to interest or OID realised in connection with the disposition) will be limited to the amount of overall gain or loss realised on the disposition of a Foreign Currency Covered Bond.

Exchange Gain or Loss With Respect to Foreign Currency

A US Holder's tax basis in foreign currency received as interest on (or OID with respect to), or received on the sale, exchange, retirement or other taxable disposition of, a Foreign Currency Covered Bond will be the US dollar value thereof at the spot rate at the time the holder received such foreign currency. As discussed above, if the Foreign Currency Covered Bonds are traded on an established securities market, a cash basis US Holder (or, upon election, an accrual basis US Holder) will determine the US dollar value of the foreign currency by translating the foreign currency received at the spot rate of exchange on the settlement date of the sale. Accordingly, no foreign currency gain or loss will result from currency fluctuations between the trade date and settlement date of a sale. Any gain or loss recognised by a US Holder on a sale, exchange, retirement or other taxable disposition of foreign currency will be ordinary gain or loss and generally will be US source gain or loss.

Base Rate Change

It is possible that a change in the interest rate benchmark referenced by a Floating Rate Covered Bond (including from EURIBOR to an alternative base rate) (a **Base Rate Change**) will be treated as a deemed exchange of the existing note for a new note, which may be taxable to U.S. Holders, or will affect the calculation of OID. Under recently finalised US Treasury Regulations, in certain circumstances, the replacement of an interest rate benchmark with a qualifying reference rate will not result in a deemed exchange for US federal income tax purposes. US Holders should consult with their own tax advisers regarding the potential consequences of a Base Rate Change.

Non-US Holders

Subject to the discussion under "*—Information Reporting and Backup Withholding*" and "*—Foreign Account Tax Compliance Act*" below, Non-US Holders generally should not be subject to US federal income or withholding tax on any payments on the Covered Bonds and gain from the sale, exchange, retirement or other taxable disposition of the Covered Bonds unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-US Holder of a trade or business in the United States; (ii) in the case of any gain realised on the sale, exchange, retirement or other taxable disposition of a Covered Bond by an individual Non-US Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other taxable disposition and certain other conditions are met; or (iii) the Non-US Holder is subject to tax pursuant to provisions of the Code applicable to certain persons that have ceased to be US citizens or lawful permanent residents of the United States.

Non-US Holders should consult their own tax advisers regarding the US federal income and other tax consequences of owning Covered Bonds.

Information Reporting and Backup Withholding

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, exchange, retirement or other taxable disposition of, the Covered Bonds, by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of accrued OID, if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with the applicable certification requirements. Certain US Holders are not subject to backup withholding. Non-US Holders may be required to comply with applicable certification procedures to establish that they are not US Holders in order to avoid the application of such information reporting requirements and backup withholding.

Tax Return Disclosure Requirements

US Treasury regulations requiring the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover and require reporting of transactions that are generally not regarded as tax shelters, including certain foreign currency transactions. Under these regulations, certain transactions may be characterised as Reportable Transactions based upon any of several indicia, including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Foreign Currency Covered Bond or foreign currency received in respect of a Foreign Currency Covered Bond to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. Persons considering the purchase of Foreign Currency Covered Bonds should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Covered Bonds, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Foreign Financial Asset Reporting

Certain US Holders that own "specified foreign financial assets" that meet certain US 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 (in which case the account may be reportable if maintained by a foreign financial institution). US Holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the Covered Bonds.

Further Issues

The Issuer may, without the consent of the Holders of outstanding Covered Bonds, issue additional bonds with identical terms. These additional bonds, even if they are treated for non-tax purposes as part of the same series as the original Covered Bonds, in some cases may be treated as a separate series for US federal income tax purposes. In such a case, the additional bonds may be considered to have been issued with OID even if the original Covered Bonds had no OID, or the additional bonds may have a greater amount of OID than the original Covered Bonds. These differences may affect the market value of the original Covered Bonds if the additional bonds are not otherwise distinguishable from the original Covered Bonds.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the US Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the 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 the 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 US 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 US 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 "*Terms and Conditions of the Covered Bonds—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 advisers regarding how these rules may apply to their investment in the Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

AUSTRALIAN TAXATION

The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective holder of a A$ Registered Covered Bond or an interest in a A$ Registered Covered Bond (in the following taxation summary, an **Investor**) as a result of acquiring, holding or transferring the A$ Registered Covered Bond. The following is not intended to be, and should not be taken as, a comprehensive taxation summary for an Investor. Each reference in the following taxation summary to a "A$ Registered Covered Bond" includes a reference to an "interest in a A$ Registered Covered Bond" as the context requires.

The taxation summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office (the **ATO**) generally accepted as of the date of this Base Prospectus. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retroactive effect.

Investors should consult their professional advisers in relation to their tax position. Investors who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of A$ Registered Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the A$ Registered Covered Bonds. In particular, Investors should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the A$ Registered Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

Taxation of interest on Covered Bonds

Australian Investors

Investors who are Australian tax residents, or who are non-residents of Australia that hold the A$ Registered Covered Bonds in carrying on business at or through a permanent establishment in Australia, will be taxable by assessment in respect of any interest income derived in respect of the A$ Registered Covered Bonds. Such Investors will generally be required to lodge an Australian tax return. The timing of assessment of the interest (e.g. a cash receipts or accruals basis) will depend upon the tax status of the particular Investors, the Terms and Conditions applicable to the A$ Registered Covered Bonds, and the potential application of the "Taxation of Financial Arrangements" provisions of the Income Tax Assessment Act 1997 (Cth).

Non-Australian Investors

So long as the Issuer continues to be a non-resident of Australia, where the A$ Registered Covered Bonds issued by it are not attributable to an Australian permanent establishment of the Issuer, payments of principal and interest made in respect of the A$ Registered Covered Bonds to an investor who is a non-resident of Australia and does not hold the A$ Registered Covered Bonds at or through a permanent establishment in Australia should not be subject to Australian interest withholding tax or, generally, otherwise subject to Australian income tax.

Taxation of gains on disposal or redemption

Australian Investors

Investors who are Australian tax residents, or who are non-residents that hold the A$ Registered Covered Bonds in carrying on business at or through a permanent establishment in Australia, will be required to include any gain on disposal of the A$ Registered Covered Bonds in their assessable income and may be able to deduct any loss on disposal or redemption of the A$ Registered Covered Bonds depending on their personal circumstances.

The determination of the amount and timing of any gain or loss on disposition or redemption of the A$ Registered Covered Bonds may be affected by the "Taxation of Financial Arrangements" provisions, which provide for a specialised regime for the taxation of financial instruments, and, where the A$ Registered Covered Bonds are denominated in a currency other than Australian Dollars, the foreign currency rules. Prospective Investors should obtain their own independent tax advice in relation to the determination of any gain or loss on disposal or redemption of the A$ Registered Covered Bonds.

Non-Australian Investors

An Investor who is a non-resident of Australia and who has never held the A$ Registered Covered Bonds in carrying on a business at or through a permanent establishment within Australia will not be subject to Australian income tax or capital gains tax on gains realised on the sale or redemption of such A$ Registered Covered Bonds provided such gains do not have an Australian source. A gain arising on the sale of a A$ Registered Covered Bond by a non-Australian resident holder to another non-Australian resident where the A$ Registered Covered Bond is sold outside Australia and all negotiations are conducted and all documentation is executed outside Australia should generally not be regarded as having an Australian source.

Collection powers

The ATO and other revenue authorities in Australia have wide powers for the collection of unpaid tax debts. This can include issuing a notice to an Australian resident requiring a deduction from any payment to an Investor in respect of any unpaid tax liabilities of that Investor.

Stamp duty

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of the A$ Registered Covered Bonds.

Death duties

The A$ Registered Covered Bonds will not be subject to death, estate or succession duties imposed by Australia or by any political subdivision or authority therein having power to tax if held at the time of death.

Goods and Services Tax

Neither the issue nor receipt of the A$ Registered Covered Bonds will give rise to a liability for Goods and Services Tax (GST) in Australia. Furthermore, neither the payment of principal nor interest on the A$ Registered Covered Bonds would give rise to a GST liability.

SETTLEMENT OF CERTAIN OFFERINGS

In connection with any issuance of Covered Bonds that may initially be sold to QIBs in the United States in reliance on Rule 144A, unless otherwise agreed between the relevant Dealers and the Issuer, payment of the purchase price of the Covered Bonds must be made in immediately available funds in the applicable specified currency in New York City five US business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act after the trade date (such settlement cycle being referred to as **T+5**)). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Covered Bonds to be issued or any such offerings on the date of pricing or the next two succeeding business days will be required, by virtue of the fact that the Covered Bonds initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Covered Bonds who wish to make such trades should consult their own advisers.

CERTAIN ERISA CONSIDERATIONS

*The following is a summary of certain considerations associated with the purchase of the Covered Bonds by employee benefit plans, as defined in Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (**ERISA**), that are subject to the fiduciary responsibility provisions of Title I of ERISA, plans, as defined in Section 4975(e)(1) of the Code, such as individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, and entities whose underlying assets are considered to include "plan assets" of such employee benefit plans, plans, accounts and arrangements by reason of any such employee benefit plans or plan's investment in the entities (each, a **Plan**).*

General Fiduciary Matters

ERISA imposes certain duties on persons who are fiduciaries of a Plan subject thereto, and ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and its fiduciaries or certain other interested parties. In considering an investment in the Covered Bonds of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents governing such Plan and the applicable provisions of ERISA and Section 4975 of the Code relating to a fiduciary's duties to such Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA and Section 4975 of the Code.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Plans from engaging in specified transactions involving plan assets with persons who are "parties in interest" within the meaning of ERISA, or "disqualified persons" within the meaning of Section 4975 of the Code, unless an exemption applies. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Plan subject to ERISA that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA.

Whether or not the underlying assets of the Issuer are deemed to include "plan assets", as described below, the acquisition, holding and/or subsequent disposition of the Covered Bonds by a Plan with respect to which the Issuer, the underwriter, the trustee or the Guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired, held and subsequently disposed of in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the US Department of Labor (the **DOL**) has issued prohibited transaction class exemptions, or **PTCEs**, that may apply to the acquisition, holding and disposition of the Covered Bonds. 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 a Covered Bond 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), 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 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), and PTCE 96-23 (relating to transactions effected by in-house asset managers). There can be no assurance that any of these PTCEs or any other exemption will be available with respect to any particular transaction involving the Covered Bonds.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-US plans (as described in Section 4(b)(4) of ERISA), whilst not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to other federal, state, local or non-US laws or regulations that are substantially similar to Section 406 of ERISA or Section 4975 of the Code (**Similar Law**).

Plan Asset Issues

"Look-through" Rule. Under the "look-through" rule set forth in the regulations issued by the DOL at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the **Plan Assets Regulation**), the underlying assets owned by an entity (such as the Issuer) in which a Plan has an equity interest might be treated as if they were "plan assets" of such Plan. However, the "look-through" rule does not, by its terms, apply to an entity in which a Plan only owns debt of such entity and not an equity interest. The Plan Assets Regulation provides that an instrument constituting debt under applicable local law and lacking substantial equity features is not treated as an equity interest for purposes of such Regulation. If the Covered Bonds are treated as equity interests for purposes of the Plan Assets Regulation, the assets of the Issuer might be treated as "plan assets" of Plans that acquire or hold such Covered Bonds unless an exception to the "look-through" rule under the Plan Assets Regulation applies. Whilst there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the Covered Bonds should not be treated as equity interests for the purposes of the Plan Assets Regulation.

Operating Company. One exception to the "look-through" rule provides that when a Plan acquires an equity interest in an entity that is an "operating company" the underlying assets of such entity will not be deemed "plan assets". Under the Plan Assets Regulation, an "operating company" is defined as "an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital". The Issuer believes that it is an "operating company" for purposes of the Plan Assets Regulation, although no assurance can be given in this regard.

Plan Assets Consequences. If equity securities of the Issuer are held by Plans and the Issuer is not an operating company for purposes of the Plan Assets Regulation, the Issuer's assets could be deemed to be "plan assets" under ERISA unless, at such time, another exemption is available under the Plan Assets Regulation. This would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Issuer, and (ii) the possibility that certain transactions in which the Issuer might seek to engage could constitute prohibited transactions under ERISA and the Code.

Representation

Accordingly, by acceptance of the Covered Bonds (or any interest therein), each purchaser and subsequent transferee of the Covered Bonds (or any interest therein) will be deemed to have represented and warranted that either (i) it is not, and is not acquiring the Covered Bonds (or any interest therein) on behalf of, or with the assets of, any Plan or any governmental, church or non-US plan that is subject to Similar Law, or (ii) the acquisition, holding and disposition of the Covered Bonds (or any interest therein) by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law.

Each purchaser and transferee that is, or is acting on behalf of, a Plan, will be further deemed to have represented and warranted that (i) none of the Issuer, the LLP, the Bond Trustee, Arranger, the Dealers, the Security Trustee, any Paying Agent, the Registrar or any of their respective affiliates has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Plan (**Plan Fiduciary**), has relied as a primary basis in connection with its decision to invest in the Covered Bonds (unless a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited), 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 Plan or the Plan Fiduciary in connection with the Plan'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.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Covered Bonds on behalf of, or with the assets of, any Plan or any governmental, church or non-US plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to such investment and whether an exemption would be applicable to the acquisition, holding and disposition of the Covered Bonds.

CERTAIN VOLCKER RULE CONSIDERATIONS

The LLP is not now, and solely after giving effect to any offering and sale of Covered Bonds pursuant to the Trust Deed will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended (**Investment Company Act**), and under the Volcker Rule and its related regulations may be available, the Issuer has 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 Dealers have, in a programme agreement dated 30 November 2005 and amended and restated on 25 June 2007, 30 April 2008, 1 July 2010, 7 January 2011, 31 July 2015, 28 July 2017, 27 July 2018, 15 July 2019, 3 February 2020 and 12 February 2021 (as the same may be further amended and/or supplemented and/or restated from time to time the **Programme Agreement**), agreed with the Issuer and the LLP a basis upon which such Dealers 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 Dealers commission from time to time in connection with the sale of any Covered Bonds and, in the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers 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, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the relevant Issue Date. In this situation, the issuance of the relevant Covered Bonds may not be completed. Investors will have no rights against the Issuer or Dealers in respect of any expense incurred or loss suffered in these circumstances.

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 Covered Bonds and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are as defined therein):

(a) that either: (i) 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 that any sale to it is being made in reliance on Rule 144A; or (ii) it is outside the United States and is not a US person;

(b) that it is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer and is not acting on the Issuer's behalf;

(c) that the Covered Bonds 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 US state securities laws and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons except as set forth in this section and in compliance with applicable US securities laws;

(d) that, unless it holds an interest in a Regulation S Global Covered Bond and is a person located outside the United States and is not a US person, 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 only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable US state securities laws;

(e) 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 (d) above or (j) below, if then applicable;

(f) that, prior to any proposed transfer of Covered Bonds (other than pursuant to an effective registration statement), the holder of such Covered Bonds may be required to provide certifications relating to the manner of such transfer as provided in the Trust Deed;

(g) that either (i) it is not, and is not acquiring the Covered Bonds (or any interest therein) on behalf of, or with the assets of, an "employee benefit plan" as defined in Section 3(3) of ERISA subject to the fiduciary responsibility provisions thereof, a "plan" as defined in and subject to Section 4975 of the Code, an entity whose underlying assets include "plan assets" by reason of any such employee benefit plans or plan's investment in the entity, or a governmental, church or non-US plan which is subject to Similar Law, or (ii) its acquisition, holding and disposition of the Covered Bonds (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law;

(h) if it is, or is acting on behalf of, a Plan, that (i) none of the Issuer, the LLP, the Bond Trustee, Arranger, the Dealers, the Security Trustee, any Paying Agent, the Registrar or any of their respective affiliates has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Plan (**Plan Fiduciary**), has relied as a primary basis in connection with its decision to invest in the Covered Bonds (unless a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited), 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 Plan or the Plan Fiduciary in connection with the Plan'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;

(i) that the Legended Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THE SECURITIES EVIDENCED HEREBY (THE **COVERED BONDS**) AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE US STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US 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 THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED COVERED BONDS THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE **AGENCY AGREEMENT**) AND 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 FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER 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) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE ACQUISITION OF THE COVERED BONDS (OR ANY INTEREST THEREIN) BY, OR ON BEHALF OF, OR WITH THE ASSETS OF, ANY **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS

AMENDED (**ERISA**), SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS THEREOF, ANY **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLANS OR PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO US DEPARTMENT OF LABOR REGULATION SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA (EACH OF THE FOREGOING, A **PLAN**), OR ANY GOVERNMENTAL, CHURCH OR NON-US PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, OR NON-US LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE IS PROHIBITED, UNLESS SUCH ACQUISITION, HOLDING AND SUBSEQUENT DISPOSITION OF THE COVERED BONDS (OR ANY INTEREST THEREIN) 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-US PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE, LOCAL, OR NON-US LAW OR REGULATION).

EACH PURCHASER AND TRANSFEREE THAT IS, OR IS ACTING ON BEHALF OF, A PLAN, WILL BE FURTHER DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (I) NONE OF THE ISSUER, THE LLP, THE BOND TRUSTEE, ARRANGER, THE DEALERS, THE SECURITY TRUSTEE, ANY PAYING AGENT, THE REGISTRAR OR ANY OF THEIR RESPECTIVE AFFILIATES HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE PLAN (**PLAN FIDUCIARY**), HAS RELIED AS A PRIMARY BASIS IN CONNECTION WITH ITS DECISION TO INVEST IN THE COVERED BONDS (UNLESS A STATUTORY OR ADMINISTRATIVE EXEMPTION APPLIES (ALL OF THE APPLICABLE CONDITIONS OF WHICH ARE SATISFIED) OR THE TRANSACTION IS NOT OTHERWISE PROHIBITED), 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 PLAN OR THE PLAN FIDUCIARY IN CONNECTION WITH THE PLAN'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.

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 HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES 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)."

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS SECURITY ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE AGENCY AGREEMENT REFERRED TO HEREIN.";

(j) if it is outside the United States and is not a US person, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as the period that ends 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 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (B) in accordance with the Securities Act and all applicable US state securities laws; and it acknowledges that the Regulation S Global Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THE SECURITIES EVIDENCED HEREBY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY APPLICABLE US STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR, IF THE SECURITIES EVIDENCED HEREBY ARE IN BEARER FORM, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US 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 ALL THE COVERED BONDS OF THE TRANCHE OF WHICH THIS COVERED BOND FORMS 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, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO US PERSONS UNLESS MADE (A) PURSUANT TO RULE 903 OR 904 OR REGULATION S UNDER THE SECURITIES ACT OR (B) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT."; and

(k) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and 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.

Selling Restrictions

United Kingdom

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 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 **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.

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

(a) in relation to any Covered Bonds that have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the

purposes of its business and (ii) it has not offered, sold or delivered and will not offer, sell or deliver any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA 2000 by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA 2000) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA 2000 does not apply to the LLP or, in the case of the Issuer would not, if it was not an authorised person, apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the UK.

United States

Each Dealer has acknowledged that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Subject to the provisions below, each Dealer has represented and agreed that it has not offered, sold or delivered any Covered Bonds or Covered Bond Guarantees, and will not offer, sell or deliver any such Covered Bonds or Covered Bond Guarantees within the United States or to, or for the account or benefit of, US persons (a) as part of its distribution at any time or (b) otherwise until 40 days after the completion of the distribution of the Tranche of Covered Bonds or Covered Bond Guarantees of which such Covered Bonds or Covered Bond Guarantees are a part (such period, the **Distribution Compliance Period**), except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each subsequent Dealer appointed under the Programme will be required to agree, that it will send, at or prior to confirmation of sale, to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells any Covered Bonds or Covered Bond Guarantees during the Distribution Compliance Period (other than a sale pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds or Covered Bond Guarantees within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Covered Bonds or Covered Bond Guarantees, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Until 40 days after the commencement of the offering of a Tranche of Covered Bonds or Covered Bond Guarantees, an offer or sale of any Covered Bonds or Covered Bond Guarantees 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 Rule 144A or any other available exemption from registration under the Securities Act.

The Bearer Covered Bonds are subject to US 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 US Treasury regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986, as amended (the **Code**), and US Treasury regulations promulgated thereunder (the **Regulations**).

In addition, in respect of Bearer Covered Bonds where TEFRA D is specified in the applicable Final Terms:

(a) except to the extent permitted under US Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor rules substantially in the same form as such rules for purposes of Section 4701 of the Code) (**TEFRA D**), each Dealer (i) has represented that it has not offered or sold, and has agreed that during the restricted period it will not offer or sell, Bearer Covered Bonds to a person who is within the United States or its possessions or to a United States person, and (ii) has represented that it has not delivered and has agreed that it will not deliver within the United States or its possessions Bearer Definitive Covered Bonds that are sold during the restricted period;

(b) each Dealer has represented that it has and has agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Covered Bonds are aware that such Bearer Covered Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;

(c) each Dealer that is a United States person has represented that it is acquiring Bearer Covered Bonds for purposes of resale in connection with their original issuance and that if it retains Bearer Covered Bonds for its own account, it will only do so in accordance with the requirements of US Treas. Reg. Section l.163-5(c)(2)(i)(D)(6) (or any successor rules substantially in the same form as such rules for purposes of Section 4701 of the Code);

(d) with respect to each affiliate that acquires Bearer Covered Bonds from a Dealer for the purpose of offering or selling such Bearer Covered Bonds during the restricted period, such Dealer will repeat and confirm the representations and agreements contained in paragraphs (a), (b), and (c) above on such affiliate's behalf; and

(e) each Dealer has agreed that it will obtain from any distributor (within the meaning of US Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii) (or any successor rules substantially in the same form as such rules that are applicable for purposes of Section 4701 of the Code)) that purchases any Bearer Covered Bonds from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, paragraphs (a), (b), (c) and (d) above insofar as they relate to TEFRA D, as if such distributor were a Dealer hereunder.

Terms used in the preceding paragraphs (a) through (e) above have the meanings given to them by the Code and the Regulations, including TEFRA D.

In respect of Bearer Covered Bonds where TEFRA C is specified in the applicable Final Terms, each Dealer understands that under US Treas. Reg. Section 1.163-5(c)(2)(i)(C) (or any successor rules otherwise substantially in the same form as such rules for purposes of Section 4701 of the Code) (**TEFRA C**) such Bearer Covered Bonds must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Covered Bonds within the United States or its possessions in connection with their original issuance. Further, each Dealer represents and agrees in connection with the original issuance of such Bearer Covered Bonds that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Dealer or such prospective purchaser is within the United States or its possessions or otherwise involve a US office of the Dealer in the offer or sale of such Bearer Covered Bonds. Terms used in this paragraph have the meanings given to them by the Code and the Regulations, including TEFRA C.

Notwithstanding anything above to the contrary, it is understood that Registered Covered Bonds may be offered and sold pursuant to a private placement in the United States or to or for the account or benefit of United States persons, and in connection therewith each Dealer has represented and agreed that:

(a) offers, sales, resales and other transfers of Covered Bonds or Covered Bond Guarantees made in the United States or to or for the account or benefit of United States persons made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Covered Bonds or Covered Bond Guarantees in respect of such Registered Covered

Bonds only and shall be effected pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(b) offers, sales, resales and other transfers of Registered Covered Bonds or Covered Bond Guarantees made in the United States or to or for the account or benefit of United States persons will be made only in private transactions (1) to persons that are reasonably believed to be QIBs, (2) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available) or (3) pursuant to another available exemption from registration under the Securities Act (if any), and in each of such cases in accordance with any applicable securities laws of any State of the United States or other applicable jurisdiction. Each Dealer has agreed to notify the related purchaser of Registered Covered Bonds and Covered Bond Guarantees of the private offering nature of such purchase and, accordingly, that such Covered Bonds and Covered Bond Guarantees are subject to the resale and other transfer restrictions referred to above. Neither any Dealer nor the Issuer or the LLP will be liable for any resales or other transfers made in violation of the foregoing conditions if such resale or transfer was not made by or through the party against whom such liability is sought to be imposed;

(c) the Registered Covered Bonds and Covered Bond Guarantees will be offered in the United States or to or for the account or benefit of United States persons only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Registered Covered Bonds or Covered Bond Guarantees in the United States;

(d) each Registered Covered Bond sold as a part of a private placement in the United States or to or for the account or benefit of United States persons and each Regulation S Global Covered Bond or Definitive Regulation S Covered Bond shall contain a legend in substantially the form set out on the face of such Covered Bond in the Trust Deed; and

(e) each Dealer may offer and sell Registered Covered Bonds and Covered Bond Guarantees in the United States or to United States persons only if such Dealer is a registered broker-dealer in the United States or through its selling agent which is a registered broker-dealer in the United States in compliance with the Exchange Act.

The Issuer has represented and agreed that any resale or other transfer, or attempted resale or other transfer, of Covered Bonds or Covered Bond Guarantees sold as part of a private placement in the United States made other than in compliance with the restrictions set out in this paragraph shall not be recognised by the Issuer or the LLP or any agent of the Issuer or the LLP and shall be void.

Each issue of Covered Bonds may be subject to such additional US selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Covered Bonds or Covered Bond Guarantees in respect of such Covered Bonds, which shall be set out in the applicable Final Terms. The relevant Dealer has agreed that it shall offer, sell or deliver such Covered Bonds or Covered Bond Guarantees only in compliance with such additional US selling restrictions.

Prohibition of Sales to EEA Retail Investors

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 the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. 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 MiFID II;

(ii) a customer within the meaning of 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 the Prospectus Regulation; and

(b) the expression **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.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended: the **FIEA**). Accordingly each Dealer has represented and agreed that it has not, directly or indirectly, offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Covered Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Republic of Italy

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

(a) to qualified investors ("investitori qualificati"), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the CONSOB Regulation No. 11971); or

(b) in other circumstances that are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of CONSOB Regulation No. 11971.

In any event, any offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under paragraph (a) or (b) above must:

(i) 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. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 (the **Italian Banking Act**);

(ii) 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 Italian Banking Act and the implementing guidelines of the Bank of Italy (as amended from time to time) and/or and other Italian authority; and

(iii) be in accordance with any other applicable laws and regulations or requirements imposed by CONSOB or any other Italian authority.

Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus,

memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

Singapore

Each Dealer has acknowledged, that no document (including the Base Prospectus) has been registered, or will be registered, as a prospectus with the Monetary Authority of Singapore, and the Covered Bonds will be offered pursuant to exemptions under the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the **Securities and Futures Act**). Accordingly, each Dealer has represented and agreed that the Covered Bonds have not and may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Covered Bonds be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act) pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Covered Bonds are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person that is:

(a) a corporation (that is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) whose sole purpose is to hold investments, and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust will not be transferable for six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor (for corporations, under Section 274 of the Securities and Futures Act) or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) and Section 276(4)(c)(ii) of the Securities and Futures Act;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the Securities and Futures Act; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The Covered Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Covered Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Covered Bonds has been or will be lodged with ASIC. This Base Prospectus is not, and under no circumstances is to be construed as, an advertisement or public offering of any Covered Bonds in Australia. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that in connection with the distribution of each Tranche of Covered Bonds, it:

(a) has not made or invited and it will not make (directly or indirectly) any offer or invitation in Australia or any offer or invitation which is received in Australia in relation to the issue, sale or purchase of any Covered Bonds; and

(b) has not distributed or published and will not distribute or publish any information memorandum, advertisement, disclosure document or other offering material relating to any Covered Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 for the Covered Bonds or its foreign currency equivalent (in either case disregarding moneys, if any, lent by the Issuer or other person offering the Covered Bonds or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act)), or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act; (ii) the offer or invitation is not made to a person who is a "retail client" (as defined in section 761G or section 761GA of the Corporations Act), (iii) such action complies with all applicable laws, regulations and directives in Australia and (iv) such action does not require any document to be lodged or registered with ASIC.

In addition, in respect of the A$ Registered Covered Bonds, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that all offers and transfers in, or into, Australia, are in parcels of not less than A$500,000 in aggregate principal amount.

General

These selling restrictions may be modified by the agreement of the Issuer and any relevant Dealer following a change in a relevant law, regulation or directive. Any such modification and any additional selling restrictions with which any relevant Dealer will be required to comply will be set out in the Subscription Agreement in respect of the issue of Covered Bonds to which it relates.

Each Dealer has agreed that it will comply with all applicable securities laws, directives 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 other offering material 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, directives 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, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Covered Bonds by them will be made on the same terms.

None of the Issuer, the LLP, the Bond Trustee, the Security Trustee or any of the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions 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, sell or deliver 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

Authorisation

The establishment of the Programme and the issue of Covered Bonds were duly authorised by resolutions of the board of directors of the Issuer dated 16 March 2005 and 19 October 2005 and the minutes of delegation of the Issuer's Group Finance Director dated 5 April 2005. The giving of the Covered Bond Guarantee was duly authorised by a resolution of the board of directors of Nationwide Building Society in its capacity as Member of the LLP dated 19 October 2005.

The update of the Programme has been duly authorised by a resolution of the management board of the LLP dated 19 June 2024.

Listing of Covered Bonds

The admission of Covered Bonds to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Covered Bonds which is to be admitted to the Official List and to trading on the regulated market of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Temporary Global Covered Bond, a Permanent Global Covered Bond, a Regulation S Global Covered Bond or a Rule 144A Global Covered Bond, as the case may be, initially representing the Covered Bonds of such Tranche. The listing of the Programme in respect of Covered Bonds is expected to be granted on or about 27 June 2024.

Documents Available

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, Sundays and public holidays excepted) from the principal office of the Issuer and from the specified office of the Paying Agent for the time being in London and on the website of the Issuer at *https://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/*:

(a) the constitutive documents of the LLP and the Issuer;

(b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 4 April 2022, 2023 and 2024. The Issuer currently prepares audited accounts on an annual basis;

(c) the audited financial statements of the LLP for the financial years ended 4 April 2022 and 2023. The LLP currently prepares audited accounts on an annual basis;

(d) the most recently published audited annual financial statements of the Issuer and the most recently published consolidated unaudited interim financial statements (if any) of the Issuer. The Issuer currently prepares unaudited consolidated and non-consolidated interim accounts on a semi-annual basis;

(e) the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Coupons and the Talons;

(f) a copy of this Base Prospectus;

(g) any future base 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

(h) each Transaction Document.

In addition, copies of this Base Prospectus, any documents incorporated by reference and each Final Terms relating to the Covered Bonds issued pursuant to this Base Prospectus will also 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*.

For so long as A$ Registered Covered Bonds are capable of being issued under the Programme, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at the office of the Australian Paying Agent at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia:

(a) an original copy of the Australian Deed Poll;

(b) the Trust Deed;

(c) the Agency Agreement; and

(d) the Australian Agency Agreement.

Clearing Systems

The Bearer Global Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Global 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.

If A$ Registered Covered Bonds are lodged into the Austraclear System, Austraclear will become the registered holder of those A$ Registered Covered Bonds in the A$ Register. While those A$ Registered Covered Bonds remain in the Austraclear System:

(a) all payments required of the Issuer, the LLP and the Bond Trustee in relation to those A$ Registered Covered Bonds will be directed to Austraclear;

(b) all notices regarding the A$ Registered Covered Bonds may be given to Austraclear for communication by it to the holders of beneficial interests in the A$ Registered Covered Bonds; and

(c) all dealings and payments in relation to those A$ Registered Covered Bonds within the Austraclear System will be governed by the Austraclear Regulations.

Yield

In relation to any Series or Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

Significant or Material Change

There has been no significant change in the financial performance or the financial position of Nationwide since 4 April 2024, being the date of the most recent annual audited condensed consolidated financial statements of Nationwide, or of the LLP since 4 April 2023, being the date of the most recent annual audited financial statements of the LLP. There has been no material adverse change in the prospects of Nationwide since 4 April 2024 or the LLP since 4 April 2023.

Litigation

There have not been and there are no governmental, legal or arbitration proceedings which may have or have had in the 12 months prior to the date hereof, a significant effect on the financial position or profitability of Nationwide or the Issuer or the LLP nor, so far as the Issuer or the LLP is aware, are any such proceedings pending or threatened.

Independent Auditors

The financial statements of the Issuer as at 4 April 2022, 2023 and 2024 and for the years then ended, incorporated by reference in this Base Prospectus, have been audited by Ernst & Young LLP (**EY**), independent auditors as stated in their reports incorporated by reference herein.

The financial statements of the LLP as at 4 April 2022 and 2023 and for the years then ended, incorporated by reference in this Base Prospectus, have been audited by EY, independent auditors as stated in their reports incorporated by reference herein.

Banking Services

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and/or the Guarantors and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Covered Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and/or the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer or Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Reports

The Trust Deed provides that the Bond Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Trust Deed, whether or not any such report or other information, or engagement letter or other document entered into by the Bond Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person.

In addition, the Issuer is required, pursuant to the terms of the RCB Regulations, to provide loan level information relating to the Loans in the Asset Pool and to display the Transaction Documents related to the Programme. The loan level information and the Transaction Documents shall be posted on *https://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/*. Please note that websites and URLs referred to herein do not form part of this Base Prospectus.

Contracts

There are no material contracts having been entered into outside the ordinary course of the Issuer's business, which could result in any member of Nationwide being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Covered Bond holders in respect of the Covered Bonds being issued.

Post-issuance information

The Issuer provides monthly Investor Reports which are available online from the Issuer's website, detailing, *inter alia*, compliance with the Asset Coverage Test.

Legal Entity Identifier

The Legal Entity Identifier (**LEI**) of the Issuer is: 549300XFX12G42QIKN82.

GLOSSARY

1999 Regulations	Unfair Terms in Consumer Contracts Regulations 1999, as amended;
A$, Australian Dollar	The lawful currency for the time being of Australia;
€, **Euro** 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;
£ and **Sterling**	The lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;
$ and **US Dollars**	The lawful currency for the time being of the United States of America;
¥, **Yen** and **JPY**	Japanese Yen;
A$ Conditions	In relation to the A$ Registered Covered Bonds of any Series, the terms and conditions applicable to the A$ Registered Covered Bonds of that Series substantially in the form set out in Schedule 1 of the Trust Deed, as supplemented, amended, modified or replaced by the Final Terms applicable to the A$ Registered Covered Bonds of that Series;
A$ Covered Bondholder	Each holder of A$ Registered Covered Bonds specified in the A$ Register as the holder of that A$ Registered Covered Bond from time to time;
A$ Record Date	The meaning given to it in Condition 2.3 (Transfers of A$ Registered Covered Bonds);
A$ Register	The register of holders of the A$ Registered Covered Bonds maintained by the Australian Registrar;
A$ Registered Covered Bond	Covered bonds denominated in A$ issued in registered form by entry in the A$ Register maintained by the Australian Registrar;
Account Bank	Nationwide Building Society and/or, as the context may require, any Additional Account Bank;
Account Bank Required Ratings	The meaning given in "*Summary of the Principal Documents*" on page 179;
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 Loan as at any date, the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the Monthly Payment Date immediately preceding the relevant date to (but excluding) the relevant date;
Additional Account Bank	Any additional account bank appointed under a Bank Account Agreement or any person with whom the LLP opens a bank account which includes a GIC Account, a Transaction Account, the Collateralised GIC Account or a custody account for the purposes of holding collateral provided pursuant to a Covered Bond Swap Agreement, an Interest Rate Swap Agreement or the Collateral Agreement;

Additional Loan Advance	A further drawing (including, but not limited to, Further Advances, Re-draws and Further Draws) in respect of Loans sold by the Seller to the LLP;
Additional Stand-by Account Bank	Any bank other than Citibank, N.A., London Branch at which any Stand-by Account is opened;
Additional Stand-by GIC Account Bank	Any bank other than Citibank, N.A., London Branch at which any Stand-by GIC Account is opened;
Adjusted Aggregate Loan Amount	The meaning given in "*Summary of the Principal Documents*" on page 161;
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 Covered Bond Swap Agreement to or by the LLP in respect of the relevant Series of Covered Bonds less (where applicable) (i) amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds or (ii) amounts standing to the credit of the GIC Account and the Sterling Equivalent of the principal balance of any Authorised Investments (excluding all amounts to be applied on the next 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 that mature prior to or on the same date as the relevant Series of Covered Bonds) plus or minus any swap termination amounts payable to or by the LLP under the Interest Rate Swap Agreement;
Adjusted True Balance	The meaning given in "*Summary of the Principal Documents*" on page 161;
Agency Agreement	The agency agreement dated the Initial Programme Date and further amended and restated on or about 25 June 2007, 6 January 2011, 7 January 2011, 28 June 2012, 17 July 2013, 29 July 2016, 28 July 2017 and 12 February 2021 (as further amended and/or supplemented and/or restated from time to time) 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 and, in relation to the A$ Registered Covered Bonds, includes the Australian Agency Agreement;
Agent	Each of the Paying Agents, the Registrar, the Exchange Agent, the Australian Registrar and the Transfer Agent;
Amortisation Test	The test as to whether the Amortisation Test Aggregate Loan 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;
Amortisation Test Aggregate Loan Amount	The meaning given in "*Summary of the Principal Documents*" on page 165;
Amortisation Test True Balance	The meaning given in "*Summary of the Principal Documents*" on page 165;
Amortised Face Amount	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 123;

Arranger	Barclays Bank PLC, acting through its investment bank;
Arrears Adjusted True Balance	The meaning given in "*Summary of the Principal Documents*" on page 162;
Arrears of Interest	As at any date in respect of any Loan, interest (other than Capitalised Interest or Accrued Interest) on that Loan which is currently due and payable and unpaid on that date;
Asset Coverage Test	The test as to whether the Adjusted Aggregate Loan 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 Coverage Test Breach Notice	The notice required to be served by the Bond Trustee if the Asset Coverage Test has not been met on two consecutive Calculation Dates;
Asset Monitor	A reputable institution appointed as such under the Asset Monitor Agreement;
Asset Monitor Agreement	The asset monitor agreement entered into on or about 21 June 2024 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 "*Summary of the Principal Documents*" on page 164;
Asset Pool	All assets of the LLP from time to time including but not limited to the Portfolio, any Substitution Assets, any Authorised Investments, the rights of the LLP in the Transaction Documents, the LLP Accounts and all amounts standing to the credit thereto and any other assets referred to in Regulation 3(1) (Asset Pool) of the RCB Regulations, provided that all such assets are recorded as comprising the asset pool under the RCB Regulations;
Austraclear	Austraclear Ltd ABN 94 002 060 773;
Austraclear Regulations	The regulations established by Austraclear to govern the use of the Austraclear System;
Austraclear System	The clearance and settlement system operated by Austraclear;
Australian Agency Agreement	The meaning given to it in the Programme Conditions;
Australian Banking Act	Banking Act 1959 (Cth) of Australia;
Australian Calculation Agent	Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by the Issuer and/or the LLP to perform calculation duties from time to time;
Australian Deed Poll	The deed poll made by the Issuer in favour of the A$ Covered Bondholders in respect of A$ Registered Covered Bonds, as modified and/or supplemented from time to time;
Australian Paying Agent	Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by the Issuer and/or the LLP to perform payment duties from time to time;

Australian Registrar Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by the Issuer and/or the LLP to maintain the A$ Register from time to time;

Authorised Investments

(a) Sterling gilt edged securities; and

(b) Sterling demand or time deposits,

provided that in all cases such investments have a remaining maturity date of 30 days or less and mature on or before the next following LLP Payment Date and, in the case of Sterling demand or time deposits, 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 person under FSMA 2000) are rated at least A/F1 by Fitch, A-1 by S&P and P-1 by Moody's or their equivalents by three other internationally recognised rating agencies (in each case, provided that such ratings by Fitch, S&P and/or Moody's shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and there are no Covered Bonds issued prior to such date which are still outstanding), and provided further that such Authorised Investments comply with the requirements of Regulation 2(1)(a) of the RCB Regulations;

Authorised Underpayment A payment made by a Borrower in an amount less than the Monthly Payment then due on the Loan being a sum not exceeding the aggregate of any previous Overpayments;

Available Mortgage Collateral Amount An amount equal to the amount by which the Adjusted Aggregate Loan Amount determined on the basis that item V of the definition of Adjusted Aggregate Loan Amount was excluded exceeds the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the next Calculation Date;

Available Principal Receipts On a relevant Calculation Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger on any GIC Account or the Collateralised GIC Account, as applicable (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);

(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 (x) to acquire New Portfolios or invest in Substitution Assets or (y) pursuant to clause 4.1 of the Intercompany Loan Agreement), (ii) any Cash Capital Contributions received from a Member (to the extent not applied pursuant to clause 15.5 of the LLP Deed) and (iii) the proceeds from any sale of Selected Loans pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement but excluding any amount of principal received under the Covered Bond Swap Agreements;

(c) following repayment of any Hard Bullet Covered Bonds by the Issuer and 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); and

(d) any amount transferred to the Principal Ledger from the Supplemental Liquidity Reserve Ledger pursuant to schedule 2 of the Cash Management Agreement,

provided that: (i) principal amounts that cannot be withdrawn from the Collateralised GIC Account (including, without limitation, in the event of a moratorium arising upon the insolvency, building society insolvency, administration or building society special administration of Nationwide Building Society or the Society being unable to pay these amounts) shall cease to constitute Available Principal Receipts; (ii) any amounts recovered in respect of such principal amounts from realisation of the related Custody Collateral shall constitute Available Principal Receipts, save to the extent that any Excess Collateral shall be paid to the GIC Provider and shall not constitute Available Principal Receipts; and (iii) any amounts (other than Swap Collateral) subsequently withdrawn from the Collateralised GIC Account will not constitute Available Principal Receipts but will instead constitute Available Revenue Receipts. For the avoidance of doubt, Swap Collateral shall be excluded from the calculation of and shall not constitute Available Principal Receipts;

Available Revenue Receipts

On a relevant Calculation Date, an amount equal to the aggregate of:

(a) the amount of Revenue Receipts received during the previous Calculation Period and credited to the Revenue Ledger on any GIC Account or the Collateralised GIC Account, as applicable;

(b) other net income of the LLP including all amounts of interest received on the LLP Accounts (except for the Covered Bond Swap Collateral Accounts, the Stand-by Covered Bond Swap Collateral Accounts, the Interest Rate Swap Collateral Accounts, the Stand-by Interest Rate Swap Collateral Accounts and any GIC Collateral Custody Account), the Substitution Assets and Authorised Investments (other than Authorised Investments made from amounts standing to the credit of any Covered Bond Swap Collateral Account, any Interest Rate Swap Collateral Account and any GIC Collateral Custody Account) in the previous Calculation Period but excluding amounts received by the LLP under the Interest Rate Swap Agreement and in respect of interest received by the LLP under each Covered Bond Swap Agreement and excluding any Swap Collateral;

(c) 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;

(d) 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 any GIC Account or the Collateralised GIC Account, as applicable;

(e) following the service on the LLP of a Notice to Pay, amounts standing to the credit of the Reserve Fund; and

(f) any amounts subsequently recovered in respect of amounts credited to the Collateralised GIC Account which were previously not capable of being withdrawn and ceased being Available Principal Receipts or Available Revenue Receipts,

provided that revenue amounts and amounts of interest accrued in respect of amounts which cannot be withdrawn from the Collateralised GIC Account (including, without limitation, in the event of a moratorium arising upon the insolvency, building society insolvency, administration or building society special administration of Nationwide Building Society or the Society being unable to pay these amounts) shall cease to constitute Available Revenue Receipts; provided further, that any amounts subsequently recovered in respect of such revenue amounts and amounts of interest from realisation of the related Custody Collateral shall constitute Available Revenue Receipts, save to the extent that any Excess Collateral shall be paid to the GIC Provider and shall not constitute Available Revenue Receipts. For the avoidance of doubt, Swap Collateral shall be excluded from the calculation of and shall not constitute Available Revenue Receipts;

less

(g) Third Party Amounts, which shall be paid on receipt in cleared funds to the Seller;

Back-Up Cash Management Agreement Any back-up cash management agreement entered into by the Cash Manager (with the assistance of the Back-Up Cash Manager Facilitator) pursuant to the terms of the Cash Management Agreement (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Back-Up Cash Manager The person appointed to undertake the back-up cash management services for the LLP pursuant to the Back-Up Cash Management Agreement;

Back-Up Cash Manager Event The meaning given in "*Summary of the Principal Documents*" on page 172;

Back-Up Cash Manager Facilitator Wilmington Trust SP Services (London) Limited and any successor or replacement entity;

Back-Up Servicer The person appointed to undertake the back-up servicing obligations in relation to the Portfolio pursuant to the Back-Up Servicing Agreement;

Back-Up Servicer Event The meaning given in "*Summary of the Principal Documents*" on page 155;

Back-Up Servicer Facilitator Wilmington Trust SP Services (London) Limited and any successor or replacement entity;

Back-Up Servicing Agreement Any back-up servicing agreement entered into by the Servicer (with the assistance of the Back-Up Servicer Facilitator) pursuant to the terms of clause 22.1 of the Servicing Agreement (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Bank Account Agreement The bank account agreement entered into on the Initial Programme Date (as the same may be amended, restated, supplemented, replaced or novated from time to time) between the LLP, Nationwide Building Society in its capacity as an Account Bank, the Cash Manager and the Security Trustee and/or, as the context may require, any other bank account agreement entered into between an Additional Account Bank, the LLP, the Cash Manager and the Security Trustee;

Basel Committee Basel Committee on Banking Supervision;

Basis Covered Bond Swap	Each basis swap transaction entered into between the LLP and a Covered Bond Swap Provider;
BBSW	Australian Bank Bill Swap Rate;
BBSW Rate	The meaning given to it in Condition 4.2 (Interest on Floating Rate Covered Bonds);
Bearer Covered Bonds	Bearer Definitive Covered Bonds or Bearer Global Covered Bonds, as the case may be;
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 3 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 or Lead Manager (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, Talons attached thereto on issue;
Bearer Global Covered Bond	The meaning given on page 70;
Beneficial Owner	Each actual purchaser of each DTC Covered Bond;
BMR	The Seller's base mortgage rate which is capped at 2% above the Bank of England base rate;
BMR Loans	Loans that are subject to the Seller's BMR;
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 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 Loan or any part of it;
Buildings Insurance Policies	All buildings insurance policies relating to Properties taken out (a) in the name of the relevant Borrower (and, in the case of Seller Arranged Policies, the Seller) and (b) in the name of the landlord in the case of leasehold Properties where the relevant landlord is responsible for insuring the Property;
Building Societies Act	Building Societies Act 1986, as amended;
Butterfill Act	Building Societies (Funding) and Mutual Societies (Transfers) Act 2007, as amended;

Calculation Agent	(a) 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; and (b) in relation to A$ Registered Covered Bonds, the Australian Calculation Agent;
Calculation Date	The 12th day of each month (or, if that day is not a Business Day, then 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 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 from time to time;
Capital Balance	For a Loan at any date, the principal balance of that Loan to which the Servicer applies the relevant interest rate at which interest on that Loan accrues;
Capital Contribution	In relation to each Member, the aggregate of the capital contributed by that Member to the LLP from time to time by way of Cash Capital Contributions and Capital Contributions in Kind as determined on each Calculation Date in accordance with the formula set out in the LLP Deed;
Capital Contribution in Kind	A contribution of Loans and their Related Security to the LLP in an amount equal to (a) the aggregate of the True Balance of those Loans as at the relevant Transfer Date minus (b) any cash payment paid by the LLP for the Loans and their Related Security on that Transfer Date;
Capital Distribution	A repayment of a Member's Capital Contribution in accordance with the terms of the LLP Deed (and excluding, for the avoidance of doubt, any Deferred Consideration);
Capitalised Arrears	For any Loan at any date, interest or other amounts that are overdue in respect of that Loan and that, as at that date, have been added to the Capital Balance of the Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower;
Capitalised Expenses	In relation to a Loan, the amount of any expense, charge, fee, premium or payment (excluding, however, any Arrears of Interest) capitalised and added to the Capital Balance of that Loan in accordance with the relevant Mortgage Conditions;
Capitalised Interest	For any Loan at any date, interest that is overdue in respect of that Loan and that, as at that date, has been added to the Capital Balance of that 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 that have not been so capitalised on that date);
Cash Capital Contributions	A Capital Contribution made in cash;
Cash Management Agreement	The cash management agreement dated the Initial Programme Date as amended on 27 November 2006, 30 November 2007, 30 April 2008, 3 July 2009, 18 December 2009 and 12 February 2021 (as amended and/or supplemented and/or restated from time to time) entered into between the LLP, Nationwide Building Society in its capacity as the Cash Manager and the Security Trustee;

Cash Manager	Nationwide Building Society, in its capacity as cash manager under the Cash Management Agreement together with any successor cash manager appointed from time to time;
Cash Re-draws	Cash re-draws to which a Borrower is entitled under a Flexible Loan as a result of Overpayments that the Borrower has made on that Flexible Loan or otherwise;
CCA	The Consumer Credit Act 1974, as amended;
CCA 2006	The Consumer Credit Act 2006, as amended;
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 substantially in the form of the pro-forma set out in the Standard Documentation;
Charged Property	The property charged by the LLP pursuant to Clauses 3.1 to 3.9 (inclusive) (Security and Declaration of Trust) of the Deed of Charge;
Clearing Systems	DTC, Euroclear, Clearstream, Luxembourg and/or Austraclear;
Clearstream, Luxembourg	Clearstream Banking, SA;
CML	The Council of Mortgage Lenders;
Collateral Agreement	The collateral agreement entered into by the LLP and the GIC Provider in relation to the GIC Provider's obligations with respect to the Collateralised GIC Account, substantially in the form set forth in schedule 4 to the Cash Management Agreement (as the same may be amended, restated, supplemented, replaced or novated from time to time);
Collateral Available Amounts	On termination of the Collateral Agreement, the amount of Custody Collateral which under the terms of the Collateral Agreement and following termination thereof may be applied at that time by way of set-off in satisfaction of any of the GIC Provider's obligations to the LLP with respect to the Collateralised GIC Account under or in connection with the Guaranteed Investment Contract first entered into on the Initial Programme Date, to the extent such obligations remain outstanding;
Collateralised GIC Account	An account in the name of the LLP held at Nationwide Building Society in its capacity as an Account Bank and maintained subject to the terms of the Guaranteed Investment Contract first entered into on the Initial Programme Date, the Bank Account Agreement and the Deed of Charge and/or such additional or replacement account as may for the time being be in place with the prior consent of the Security Trustee;
Common Depositary	The common depositary for Euroclear and Clearstream, Luxembourg;
Common Safekeeper	Either of Euroclear and/or Clearstream, Luxembourg in its capacity as common safekeeper or a person nominated by either of Euroclear and/or Clearstream, Luxembourg to perform the role of common safekeeper;
Conditions	Terms and conditions of the Covered Bonds (with the exception of the N Covered Bond Conditions);

Corporate Services Agreement	The corporate services agreement dated the Initial Programme Date (as amended and/or supplemented and/or restated from time to time) entered into by each of the Liquidation Member and Holdings, with, *inter alios,* the relevant Corporate Services Provider and the LLP;
Corporations Act	Corporations Act 2001 (Cth) of Australia;
Corporate Services Provider	Wilmington Trust SP Services (London) Limited, a company incorporated under the laws of England and Wales in its capacity as corporate services provider to Holdings and 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 "*Terms and Conditions of the Covered Bonds*" on page 87;
Covered Bond	Each covered bond (including any A$ Registered Covered Bond) issued or to be issued pursuant to the Programme Agreement and which is or is to be constituted under the Trust Deed or, in relation to A$ Registered Covered Bonds, the Australian Deed Poll, which covered bond 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 (Replacement of Covered Bonds, Coupons and Talons) (and which for the avoidance of doubt, includes the N Covered Bonds);

Covered Bondholders	(a) In the case of Covered Bonds other than A$ Registered Covered Bonds, the several persons who are for the time being holders of outstanding Covered Bonds (being, in the case of Bearer Covered Bonds, the bearers thereof and, in the case of Registered Covered Bonds, the several persons whose names are entered in the register of holders of the Registered Covered Bonds as the holders thereof) save that, in respect of the Covered Bonds of any Series, for so long as such Covered Bonds or any part thereof are represented by a Global Covered Bond deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, or so long as Euroclear or Clearstream, Luxembourg, DTC is a registered holder of a Registered Global Covered Bond, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) or, as the case maybe, DTC or its nominee, as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds or as the case may be, the common safekeeper, as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds (and the holder of the relevant Global Covered Bond shall be deemed not to be the holder) for all purposes of the trust presents other than with respect to the payment of principal or interest on such principal amount of such Covered Bonds and, in the case of DTC or its nominee, voting, giving consents and making requests pursuant to the trust presents, the rights to which shall be vested, as against the Issuer, the LLP and the Bond Trustee, solely in such common depositary or as the case may be, the common safekeeper or, as the case may be, DTC or its nominee and for which purpose such common depositary or as the case may be, the common safekeeper or, as the case may be, DTC or its nominee shall be deemed to be the holder of such principal amount of such Covered Bonds in accordance with and subject to its terms and the provisions of the trust presents, and the expression holder of Covered Bonds and related expressions shall be construed accordingly; or (b) in the case of A$ Registered Covered Bonds, A$ Covered Bondholders;
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 Bond Swap	Each Basis Covered Bond Swap and Interest Rate Covered Bond Swap;
Covered Bond Swap Agreement	Each agreement between the LLP, a Covered Bond Swap Provider and the Security Trustee governing Covered Bond Swaps entered into with such Covered Bond Swap Provider in the form of an ISDA Master Agreement, including a schedule, confirmations and any credit support annex in relation to each such Covered Bond Swap;
Covered Bond Swap Collateral Account	(a) Each custody or bank account of the LLP to be opened and maintained by an Account Bank or (b) the Collateralised GIC Account (but only to the extent of any Swap Collateral posted thereto and recorded on the applicable Designated Covered Bond Swap Collateral Ledger), in each case for the purposes of holding Swap Collateral provided by a Covered Bond Swap Provider pursuant to and in accordance with the terms of the relevant Covered Bond Swap Agreement;
Covered Bond Swap Collateral Account Ledger	The ledger maintained by the Cash Manager on behalf of the LLP in respect of each Covered Bond Swap Provider to record the amount of Swap Collateral provided from time to time under the applicable Covered Bond Swap Agreement;

Covered Bond Swap Early Termination Event	The meaning given in "*Summary of the Principal Documents*" on page 177;
Covered Bond Swap Provider	Each provider of a Covered Bond Swap under a Covered Bond Swap Agreement;
Covered Bond Swap Rate	In relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if the Covered Bond Swap Agreement has terminated, the applicable spot rate;
CPUTR	The Consumer Protection from Unfair Trading Regulations 2008;
Custodian	Any custodian with whom the relevant Registered Global Covered Bonds have been deposited;
Custody Collateral	Any asset (including, without limitation, cash and/or securities) that is paid or transferred by the GIC Provider to the GIC Collateral Custody Account pursuant to the Collateral Agreement to secure the performance by such GIC Provider of its obligations with respect to the Collateralised GIC Account under or in connection with the Guaranteed Investment Contract first entered into on the Initial Programme Date together with income or distributions received in respect of such asset and any equivalent asset into which such asset is transformed;
Day Count Fraction	In the case of a Fixed Rate Covered Bond, the meaning given in Condition 4.1 (Interest on Fixed Rate Covered Bonds) in "*Terms and Conditions of the Covered Bonds*" on page 95 and, in the case of a Floating Rate Covered Bond, the meaning given in Condition 4.2 (Interest on Floating Rate Covered Bonds) in "*Terms and Conditions of the Covered Bonds*" on page 111;
Dealer	Each of Barclays Bank PLC, Barclays Capital Inc., BNP Paribas, Citigroup Global Markets Inc., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, HSBC Securities (USA) Inc., J.P. Morgan Securities plc, Lloyds Bank Corporate Markets plc, NatWest Markets Plc, NatWest Markets Securities Inc., Nomura International plc, RBC Capital Markets, LLC, RBC Europe Limited, Société Générale, TD Securities (USA) LLC, The Toronto-Dominion Bank and UBS AG London Branch 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;
Deed of Charge	The deed of charge dated the Initial Programme Date and amended and restated on 30 November 2007, 30 April 2008, 19 June 2008, 17 July 2013, 1 July 2016 and 12 February 2021 (as amended and/or supplemented and/or restated from time to time) 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;

Deed of Postponement	A deed or agreement whereby a mortgagee of or the heritable creditor in relation to a Property agrees with the Seller to postpone its mortgage or standard security (as appropriate) over the Property so that the sums secured by it will rank for repayment after the sums secured by the relevant Mortgage;
Defaulted Loan	Any Loan in the Portfolio that is more than three months in arrears;
Defaulted Loans Notice	A notice from the Cash Manager to the Seller identifying any Defaulted Loan;
Deferred Consideration	The consideration payable to a Seller in respect of the Loans sold to the LLP 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;
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-US 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;
Delegated Act	Commission Delegated Regulation (EU) 2015/62;
Deposit Non-Reserved Amounts	All amounts received by the LLP other than the Reserve Fund and amounts standing to the credit of either the Pre-Maturity Liquidity Ledger or the Supplemental Liquidity Reserve Ledger;
Designated Account	The meaning given in Condition 5.4 (Payments in respect of Registered Covered Bonds) in "*Terms and Conditions of the Covered Bonds*" on page 114;
Designated Bank	The meaning given in Condition 5.4 (Payments in respect of Registered Covered Bonds) in "*Terms and Conditions of the Covered Bonds*" on page 114;
Designated Covered Bond Swap Collateral Ledger	Each ledger maintained by the Cash Manager on which it shall record any collateral provided by a Covered Bond Swap Provider which is deposited in the Collateralised GIC Account and identified as a Designated Collateral Amount;
Designated Collateral Amount	The meaning given in "*Summary of the Principal Documents*" on page 179;
Designated Collateral Amount Ledger	The ledger maintained by the Cash Manager on which it shall record each credit and debit to the Collateralised GIC Account which is designated as a Designated Collateral Amount;
Designated Interest Rate Swap Collateral Ledger	Each ledger maintained by the Cash Manager on which it shall record any collateral provided by an Interest Rate Swap Provider which is deposited in the Collateralised GIC Account and identified as a Designated Collateral Amount;
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 date of this Base Prospectus, Nationwide Building Society and the Liquidation Member;

Determination Date The meaning given in the applicable Final Terms;

Determination Period The meaning given in Condition 4.1 (Interest on Fixed Rate Covered Bonds) in "*Terms and Conditions of the Covered Bonds*" on page 95;

Direct Participants The meaning given in "*Book-Entry Clearance Systems*" on page 226;

Directors The Board of Directors for the time being of the Issuer;

Distribution Compliance Period The period that ends 40 days after the completion of the distribution of each Tranche of Covered Bonds;

DTC The Depository Trust Company;

DTC Covered Bonds Covered Bonds accepted into DTC's book-entry settlement system;

Due for Payment The requirements by the LLP to pay any Guaranteed Amounts following the delivery of a Notice to Pay on the LLP,

(a) prior to the occurrence of an LLP Event of Default, on the later of:

(i) the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts is reached, or, if later, the day that 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 (the **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 (1) the date that 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 9.2(i)) under the terms of the Covered Bond Guarantee) or (2) the Extension Determination Date,

or, if, in either case, such day is not a Business Day, the next following Business Day. For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise; or

(b) following the occurrence of an LLP Event of Default, the date on which an LLP Acceleration Notice is served on the Issuer and the LLP;

Earliest Maturing Covered Bonds At any time the Series of the Covered Bonds (other than any Series that is fully collateralised by amounts standing to the credit of any GIC Account or the Collateralised GIC Account, as applicable) 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;

EEA The European Economic Area;

Eligibility Criteria The meaning given on page 148;

Eligible Custody Arrangement A custody arrangement in a form satisfactory to the Cash Manager that (i) is entered into by, among others, the LLP and the Security Trustee, with an Eligible GIC Custodian, (ii) requires such Eligible GIC Custodian to hold the relevant Custody Collateral subject to and in accordance with the terms of the Collateral Agreement, (iii) requires such Eligible GIC Custodian to liquidate the relevant Custody Collateral no earlier than five Business Days (unless no loss would result from such sale) and no later than 30 calendar days, following the occurrence of an Insolvency Event with respect to Nationwide Building Society through a best-efforts sale process, (iv) provides that the Custody Collateral will be ringfenced from the other collateral held by the Custodian, (v) provides that the LLP has free access to the Custody Collateral held in the related GIC Collateral Custody Account to the extent amounts standing to the credit of the Collateralised GIC Account are unavailable, (vi) requires the receipt of a satisfactory legal opinion from a law firm of international repute that such Eligible Custody Arrangement is a legal valid binding obligation of the custodian and as to such other matters as the LLP and the Security Trustee may reasonably require and (vii) following prior notice of such arrangement, no Relevant Rating Agency has indicated such arrangement would result in the downgrade, withdrawal or qualification of the then current ratings of the Covered Bonds;

Eligible GIC Custodian A third party custodian that is not the Cash Manager or Nationwide Building Society;

EMIR Regulation (EU) No.648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012;

EMIR Amendment Any modification to the Transaction Documents and/or the Conditions of the Covered Bonds made pursuant to the terms of the Trust Deed and the Deed of Charge to enable the Issuer to comply with any requirements that apply to it under EMIR;

English Loans Loans secured by a Mortgage over a Property located in England or Wales;

English Mortgage A Mortgage over a Property located in England or Wales;

€STR	The Euro Short-Term Rate;
EU	The European Union;
EU Prospectus Regulation	Regulation (EU) 2017/1129;
EU Securitisation Regulation	Regulation (EU) 2017/2402, as amended, including (i) relevant regulatory and/or implementing technical standards or delegated regulation in relation thereto (including any applicable transitional provisions); and/or (ii) any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the EIOPA and/or the European Commission;
EURIBOR	The Euro-zone inter-bank offered rate;
EUWA	The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time;
Euroclear	Euroclear Bank S.A./N.V.;
Excess Collateral	In respect of a Collateral Agreement, (a) any Return Amount (as defined in the Collateral Agreement), (b) any Custody Collateral (or equivalent Custody Collateral) not included in clause (a) above that Nationwide Building Society in its capacity as GIC Provider is entitled to have transferred to it in accordance with the terms of the Collateral Agreement and (c) any Custody Collateral that is in excess of any termination amount due but unpaid by the Society (if any) on termination of such Collateral Agreement (subject to any set-off provisions contained therein);
Excess Hedge Collateral	In respect of a Swap Provider, (a) any Return Amount (as defined in the applicable Swap Agreement), (b) any distributions or interest on Swap Collateral provided by that Swap Provider, (c) any amount of Swap Collateral (or equivalent Swap Collateral) not included in the preceding clauses (a) and (b) that the Swap Provider is entitled to have transferred to it in accordance with the terms of the applicable Swap Agreement and (d) any Swap Collateral in respect of that Swap Provider in excess of any termination amount due but unpaid by such Swap Provider (if any) on termination of the transactions under the applicable Swap Agreement;
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 US 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 that is 40 days after a Temporary Global Covered Bond is issued;

Exchange Event	In the case of Bearer Global Covered Bonds, the meaning given in "*Form of the Covered Bonds*" on page 70 and, in the case of Registered Covered Bonds, the meaning given in "*Form of the Covered Bonds*" on page 72;
Excluded Scheduled Interest Amounts	The meaning given to it in the definition of Scheduled Interest;
Excluded Scheduled Principal Amounts	The meaning given to it in the definition of Scheduled Principal;
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;
Existing Covered Bonds	The Covered Bonds of all Series then outstanding;
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;
FCA	The Financial Conduct Authority;
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	The Final terms that, with respect to Covered Bonds (with the exception of the N 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 Tranche of Covered Bonds;
First Transfer Date	The date on which the Initial Portfolio was transferred to the LLP pursuant to the Mortgage Sale Agreement;
Fitch	Fitch Ratings Ltd.;
Fixed Interest Period	The meaning given in Condition 4.1 (Interest on Fixed Rate Covered Bonds) in "*Terms and Conditions of the Covered Bonds*" on page 96;
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);

Flexible Advance	A Loan for unrestricted purposes (which may have been CCA regulated and if it was formerly CCA regulated is now a consumer credit back book mortgage contract) offered to Borrowers with existing Loans (other than a Flexible Advance) from the Seller which is secured on the same Property which secures the Borrower's existing Loan. Some Flexible Advances permit the Borrower to make further draws up to the fixed credit limit extended under the Mortgage Conditions at the inception of the Flexible Advance;
Flexible Loan	A type of Loan product that typically incorporates features that give the Borrower options (which may be subject to certain conditions) to, among other things, make further drawings on the Loan Account and/or to overpay or underpay interest and principal in a given month and/or take a Payment Holiday;
Flexible Re-draw Capacity	The meaning given in "*Summary of the Principal Documents*" on page 164;
Floating Rate	The meaning given in the ISDA Definitions;
Floating Rate Convention	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 96;
Floating Rate Covered Bonds	Covered Bonds that bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (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), as set out in the applicable Final Terms;
Floating Rate Option	The meaning given in the ISDA Definitions;
Following Business Day Convention	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 97;
Framework	The Framework issued by the Basel Committee on Banking Supervision under the title "International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Comprehensive Version)";
FSA	The Financial Services Authority and any successor thereto, including (as applicable) the FCA and the PRA;
FSCS Limit	The current applicable limit established by the Financial Services Compensation Scheme;
FSMA or FSMA 2000	The Financial Services and Markets Act 2000, as amended;

Further Advance	In relation to a Loan, any advance of further money to the relevant Borrower following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance, excluding the amount of any retention in respect of the Initial Advance and excluding any Redraw in respect of any Flexible Loan or Further Draw in respect of any Flexible Advance;
Further Draws	Additional amounts Borrowers are permitted to draw under Flexible Advances (in aggregate up to the fixed credit limit under the Mortgage Conditions);
GIC Account	The account or accounts in the name of the LLP held with an Account Bank and maintained subject to the terms of a Guaranteed Investment Contract, the Bank Account Agreement and the Deed of Charge (which, for the avoidance of doubt, does not include the Collateralised GIC Account) or such additional or replacement accounts as may for the time being be in place with the prior consent of the Security Trustee;
GIC Collateral Custody Account	Each custody or bank account in the name of the LLP to be opened and maintained at an Eligible GIC Custodian for the purpose of holding Custody Collateral pursuant to and in accordance with the terms of the Collateral Agreement;
GIC Provider	Nationwide Building Society, in its capacity as GIC provider with respect to a GIC Account and the Collateralised GIC Account under the Guaranteed Investment Contract first entered into on the Initial Programme Date and/or any additional or successor GIC provider appointed from time to time, as the context requires;
Global Covered Bond	A Bearer Global Covered Bond and/or Registered Global Covered Bond, as the context may require;
Guaranteed Amounts	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 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 and Excluded Scheduled Principal Amounts (whenever the same arose), and all amounts payable by the LLP under the Trust Deed;
Guaranteed Investment Contract or **GIC**	The guaranteed investment contract between the LLP, the GIC Provider, the Security Trustee and the Cash Manager dated the Initial Programme Date (as the same may be amended, restated, supplemented, replaced or novated from time to time) and any further guaranteed investment contract entered into with any other GIC Provider;
Guarantee Priority of Payments	The meaning given in "*Cash flows*" on page 194;
Hard Bullet Covered Bonds	The meaning given in "*Credit Structure—Pre-Maturity Liquidity*" on page 185;
HMRC	HM Revenue & Customs;
Holders of the Covered Bonds	The holders for the time being of the Covered Bonds;

Holdings Moulton Capital Finance (Holdings) Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered no. 05372200);

ICSD Euroclear or Clearstream, Luxembourg, as the case may be;

Indexed Valuation At any date in relation to any Loan secured over any Property:

(a) where the Latest Valuation of that Property is equal to or greater than the Nationwide Price Indexed Valuation as at that date, the Nationwide Price Indexed Valuation; or

(b) where the Latest Valuation of that Property is less than Nationwide Price Indexed Valuation as at that date, the Latest Valuation plus 85% of the difference between the Latest Valuation and the Nationwide Price Indexed Valuation;

Indirect Participants The meaning given in "*Book-Entry Clearance Systems*" on page 226;

Initial Advance In respect of any Loan, the original principal amount advanced by the Seller to the relevant Borrower;

Initial Portfolio The meaning given in "*The Portfolio*" on page 212;

Initial Programme Date 30 November 2005;

Insolvency Act The Insolvency Act 1986, as amended;

Insolvency Event In respect of the Seller, the Servicer or the Cash Manager:

(a) an order is made or an effective resolution passed for the winding-up of the relevant entity; or

(b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or

(c) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any material part (having an aggregate book value in excess of £40 million) of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied in respect of a claim for £40 million or more or enforced upon or sued out against the whole or any material part (having an aggregate book value in excess of £40 million) of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or

(d) the relevant entity is unable to pay its debts as they fall due;

Insurance Distribution Directive Directive (EU) 2016/97 (as amended or superseded);

IBORs Inter-bank offered rates;

Insurance Policies Each of:

(a) the Properties in Possession Policies; and

(b) Buildings Insurance Policies;

Intercompany Loan Agreement The term loan agreement dated the Initial Programme Date as amended and restated on 30 April 2008 (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 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 Covered Bond Swap Each interest rate swap transaction entered into between the LLP and a Covered Bond Swap Provider;

Interest Rate Swap Agreement The agreement between the LLP, Nationwide Building Society (in its capacity as an Interest Rate Swap Provider) and the Security Trustee dated on or about the Initial Programme Date as amended and restated on 3 April 2009, 18 December 2009 and 1 July 2016 (as the same may be amended, restated, supplemented, replaced or novated from time to time) between the LLP, the Interest Rate Swap Provider and the Security Trustee governing certain Interest Rate Swaps in the form of an ISDA Master Agreement, including a schedule, credit support annex and one or more confirmation(s) thereto and/or any other agreement between the LLP, an Interest Rate Swap Provider and the Security Trustee in the form of an ISDA Master Agreement, including the schedule, credit support annex and one or more confirmation(s) thereto which governs one or more Interest Rate Swaps;

Interest Rate Swap (BMR) The interest rate swap in respect of the BMR Loans entered into between the LLP, Nationwide Building Society (in its capacity as Interest Rate Swap Provider) and the Security Trustee on 1 July 2016 pursuant to the amendment and restatement of certain pre-existing interest rate swaps (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Interest Rate Swap Collateral Account (a) Each custody or bank account of the LLP to be opened and maintained by an Account Bank or (b) the Collateralised GIC Account (but only to the extent of any Swap Collateral posted thereto and recorded on the applicable Designated Interest Rate Swap Collateral Ledger), in each case for the purposes of holding Swap Collateral provided by an Interest Rate Swap Provider pursuant to and in accordance with the terms of the applicable Interest Rate Swap Agreement;

Interest Rate Swap Collateral Account Ledger The ledger maintained by the Cash Manager on behalf of the LLP in respect of each Interest Rate Swap Provider to record the amount of Swap Collateral provided from time to time under the applicable Interest Rate Swap Agreement;

Interest Rate Swap Early Termination Event The meaning given in "*Summary of the Principal Documents*" on page 175;

Interest Rate Swap (Fixed)	The interest rate swap in respect of the fixed rate Loans entered into between the LLP, Nationwide Building Society (in its capacity as Interest Rate Swap Provider) and the Security Trustee on 1 July 2016 as amended and restated on 15 July 2019 and 11 November 2020 (as the same may be amended, restated, supplemented, replaced or novated from time to time);
Interest Rate Swap Provider	Nationwide Building Society, in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any successor interest rate swap provider;
Interest Rate Swap (SMR)	The interest rate swap in respect of the SMR Loans entered into between the LLP, Nationwide Building Society (in its capacity as Interest Rate Swap Provider) and the Security Trustee on 1 July 2016 as amended and restated on 15 July 2019 and 11 November 2020 (as the same may be amended, restated, supplemented, replaced or novated from time to time);
Interest Rate Swap (Tracker)	The interest rate swap in respect of the tracker rate Loans entered into between the LLP, Nationwide Building Society (in its capacity as Interest Rate Swap Provider) and the Security Trustee on 1 July 2016 as amended and restated on 15 July 2019 and 11 November 2020 (as the same may be amended, restated, supplemented, replaced or novated from time to time);
Interest Rate Swaps	Each of the Jumbo Interest Rate Swaps and any other interest rate swap entered into under an Interest Rate Swap Agreement (and **Interest Rate Swap** means any one of them);
Investor Report	The quarterly report made available to the holders of the Covered Bonds, the Security Trustee, the Bond Trustee and the Relevant Rating Agencies detailing *inter alia* compliance with the Asset Coverage Test. Investor Reports shall be posted on the Nationwide Building Society website;
ISDA	International Swaps and Derivatives Association, Inc.;
ISDA Definitions	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 Master Agreement	The 1992 ISDA Master Agreement (Multicurrency Cross Border), as published by ISDA;
ISDA Rate	The meaning given in *"Terms and Conditions of the Covered Bonds"* on page 97;
Issue Date	Each date on which the Issuer issues Covered Bonds to holders of the Covered Bonds;
Issuer	Nationwide Building Society, a building society incorporated in England and Wales under the Building Societies Act 1986 (as amended), whose principal office is Nationwide House, Pipers Way, Swindon, SN38 1NW;
Issuer Acceleration Notice	The meaning given in Condition 9.1 (Issuer Events of Default) in "*Terms and Conditions of the Covered Bonds*" on page 125;
Issuer Event of Default	The meaning given in Condition 9.1 (Issuer Events of Default) in "*Terms and Conditions of the Covered Bonds*" on page 125;
Issuer Subordinated Loan	The meaning given in "*Summary of the Principal Documents*" on page 160;

Jumbo Interest Rate Swaps	The Interest Rate Swap (BMR), Interest Rate Swap (Fixed), Interest Rate Swap (SMR) and Interest Rate Swap (Tracker), and **Jumbo Interest Rate Swap** means any one of them;
Latest Valuation	In relation to any Property, the value given to that Property by the most recent valuation addressed to the Seller;
Ledger	Each of the Revenue Ledger, the Principal Ledger, the Reserve Ledger, the Capital Account Ledger, the Pre-Maturity Liquidity Ledger, the Intercompany Loan Ledger, the Supplemental Liquidity Reserve Ledger, the GIC Collateral Custody Account Ledger, the Designated Mortgages Amount Ledger, the Designated Collateral Amount Ledger, the Covered Bond Swap Collateral Account Ledgers, the Interest Rate Swap Collateral Account Ledgers, the Designated Covered Bond Swap Collateral Ledgers and the Designated Interest Rate Swap Collateral Ledgers;
Legended Covered Bonds	The meaning given in Condition 2 (Transfers of Registered Covered Bonds and A$ Registered Covered Bonds) in "*Terms and Conditions of the Covered Bonds*" on page 93;
Lending Criteria	The lending criteria of the Seller from time to time, or such other criteria as would be acceptable to a Reasonable, Prudent Mortgage Lender;
Liquidation Member	Moulton Capital Finance Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered no. 05372384);
LLP	Nationwide Covered Bonds LLP, a limited liability partnership incorporated in England and Wales (registered no. OC313878), whose first members are Nationwide Building Society and the Liquidation Member;
LLPA 2000	The Limited Liability Partnerships Act 2000;
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	Each of any GIC Account, the Collateralised GIC Account, the Transaction Account, each Covered Bond Swap Collateral Account (to the extent maintained), each Interest Rate Swap Collateral Account (to the extent maintained), each GIC Collateral Custody Account (to the extent maintained) and any additional or replacement accounts opened in the name of the LLP from time to time including any Stand-by GIC Account and, to the extent maintained, any Stand-by Transaction Account, each Stand-by Covered Bond Swap Collateral Account and each Stand-by Interest Rate Swap Collateral Account;
LLP Deed	The limited liability partnership deed entered into on the Initial Programme Date as amended and restated on 21 February 2007, 30 November 2007, 30 April 2008, 19 June 2008, 18 December 2009, 28 June 2012 and 17 July 2013 between the LLP, Nationwide Building Society, the Liquidation Member, the Bond Trustee and the Security Trustee;
LLP Event of Default	The meaning given in Condition 9.2 (LLP Events of Default) on page 128;

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 requires a unanimous decision of the Members) the Members delegate all matters;
LLP Payment Date	The 17th day of each month or if not a London Business Day the next following London Business Day;
LLP Payment Period	The period from (and including) an LLP Payment Date to (but excluding) the next following LLP Payment Date;
Loan	Any mortgage loan (including, for the avoidance of doubt, any Scottish Loan and any Northern Irish Loan) that is sold and assigned by the Seller to the LLP from time to time under the terms of the Mortgage Sale Agreement and referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys (including all Additional Loan Advances) due or owing with respect to that mortgage loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding, or, as the context may require, the Borrower's obligations in respect of the same but excluding any mortgage loan that is repurchased by the Seller or otherwise sold by the LLP and no longer beneficially owned by it;
Loan Account	As the context requires, either (a) all Loans secured on the same Property or (b) an account maintained by the Servicer in respect of a particular Loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof;
Loan Files	The file or files relating to each Loan (including files kept in microfiche format or similar electronic data retrieval system) containing *inter alia* correspondence between the Borrower and the Seller and including the mortgage documentation applicable to the Loan, each letter of offer for that 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;
Loan Without Independent Valuation	A Loan that was not the subject of a Valuation Report by reason of the relevant loan-to-value ratio being less than 40% or being an Additional Loan Advance where an updated Valuation Report was not obtained in relation to such Additional Loan Advance;
London Business Day	A day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general 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;
Losses	All realised losses on the Loans;

Master Definitions and Construction Agreement	The master definitions and construction agreement dated on or about the Initial Programme Date as amended and restated on 27 November 2006, 25 June 2007, 30 November 2007, 30 April 2008, 19 June 2008, 3 July 2009, 18 December 2009, 28 June 2012 and 17 July 2013 (as further amended and/or supplemented and/or restated from time to time) made between the parties to the Transaction Documents;
MCOB	The Mortgages and Home Finance: Conduct of Business Sourcebook, implemented by the FCA on 31 October 2004 as amended, revised or supplemented from time to time;
Member	Each member of the LLP;
Member States	Member States of the European Community;
MHA Documentation	An affidavit, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 in connection with a Scottish Mortgage or the Property secured thereby;
MiFID II	Directive 2014/65/EU, as amended;
Modified Following Business Day Convention	The meaning given in Condition 4 (Interest) on page 97;
Modified Preceding Business Day Convention	The meaning given in Condition 4.2 (Interest on Floating Rate Covered Bonds) on page 97;
Monthly Payment Date	In relation to a Loan, the date in each month on which the relevant Borrower is required to make a payment of interest and, if applicable, principal for that Loan, as required by the applicable Mortgage Conditions;
Moody's	Moody's Investors Service Limited;
Mortgage	(a) In respect of any Loan (other than any Flexible Advance related to a Loan entered into before 1 September 2002) each first charge by way of legal mortgage (in relation to an English Loan), each first legal charge or mortgage (in relation to a Northern Irish Loan) and each first ranking standard security (in relation to a Scottish Loan), sold by the Seller to the LLP pursuant to the Mortgage Sale Agreement, in either case which secures the repayment of the relevant Loan including the Mortgage Conditions applicable to it and (b) in respect of any Flexible Advance related to a Loan entered into before 1 September 2002, the second or later ranking legal charge over the English Property or Northern Irish Property or the second or later ranking standard security over the Scottish Property;
Mortgage Conditions	All the terms and conditions applicable to a Loan, including without limitation those set out in the Seller's relevant mortgage conditions booklet and the Seller's relevant general conditions, each as varied from time to time by the relevant mortgage loan agreement and the relevant Mortgage Deed;
Mortgage Deed	In respect of any Mortgage, the deed creating that Mortgage;

Mortgage Sale Agreement	The mortgage sale agreement dated the Initial Programme Date and as amended and restated on 30 April 2008, 1 December 2008, 18 December 2009 and 12 February 2021 (as amended and/or supplemented and/or restated from time to time) entered into between the Seller, the LLP and the Security Trustee;
N Covered Bond	A Registered Covered Bond in definitive registered form made out in the name of a specified N Covered Bondholder issued or to be issued by the Issuer in accordance with the provisions of the Agency Agreement and in accordance with and constituted by the Trust Deed, in the form of a German "*Namensschuldverschreibung*" substantially in the form set out in the Trust Deed 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 applicable to it annexed thereto and subject to the provisions of the N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) relating thereto;
N Covered Bondholder	The registered holder of an N Covered Bond;
N Covered Bond Assignment Agreement	An assignment agreement substantially in the form attached to the relevant N Covered Bond delivered in accordance with the N Covered Bond Conditions in respect of the relevant Series of N Covered Bonds;
N Covered Bond Conditions	The terms and conditions of each N Covered Bond annexed thereto;
N Covered Bond Confirmation	In relation to each N Covered Bond, a confirmation incorporating the N Covered Bond Confirmation Terms and signed by the N Covered Bondholder, the LLP, the Issuer and the Bond Trustee, substantially in the form set out in Schedule 6 to the Trust Deed;
N Covered Bond Confirmation Terms	The standard set of confirmation terms relating to each N Covered Bond, substantially in the form set out in Schedule 6 to the Trust Deed as may be amended from time to time in accordance with the Trust Deed;
Nationwide	Nationwide Building Society, a building society incorporated in England and Wales under the Building Societies Act 1986 (as amended), whose principal office is Nationwide House, Pipers Way, Swindon, SN38 1NW, and its Subsidiaries collectively;
Nationwide Index	The index of increases or decreases in house prices issued by Nationwide Building Society in relation to residential properties in the United Kingdom;
Nationwide Price Indexed Valuation	In relation to any Property at any date means the Latest Valuation of that property increased or decreased as appropriate by the increase or decrease in the Nationwide Index since the date of that Latest Valuation;
Negative Carry Factor	The meaning given on page 164;
New Global Covered Bond	A Temporary Global Covered Bond in the form set out in part 1 of Schedule 2 to the Trust Deed or a Permanent Global Covered Bond in the form set out in Part 2 of Schedule 2 to the Trust Deed, in either case where the applicable Final Terms specify that the Covered Bonds are in New Global Covered Bond form;

New Loan	Loans, other than the Loans comprised in the Initial Portfolio, that the Seller may assign or transfer to the LLP after the First Transfer Date pursuant to the Mortgage Sale Agreement;
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 Loans. For the avoidance of doubt, a mortgage loan will not constitute a New Loan Type if it differs from the 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, cash-backs and/or rate guarantees;
New Member	Any new member admitted to the LLP after the Programme Date;
New Portfolio	The meaning given in "*The Portfolio*" on page 212;
New Portfolio Notice	A notice in the form set out in Schedule 11 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement;
New Rating Criteria	Any rating criteria of Fitch, Moody's or S&P that have been updated or replaced (in each case, provided that such ratings by Fitch, S&P and/or Moody's shall only apply to the extent such agency maintains ratings of outstanding Existing Covered Bonds issued after 12 February 2021);
New Safekeeping Structure	The safekeeping structure for registered notes set out in the press release of the ECB dated 22 October 2008 and titled "Evolution of the custody arrangements for international debt services and their eligibility in Euro system credit operations";
New Seller	Any Subsidiary of Nationwide that is a "connected person" as defined in Regulation 5 of the RCB Regulations and that accedes to the relevant Transaction Documents and sells Loans and their Related Security to the LLP in the future;
Non-cash Re-draws	Authorised Underpayments or Payment Holidays under Flexible Loans included in the Portfolio, which will result in the Seller being required to pay to the LLP an amount equal to the unpaid interest associated with that Authorised Underpayment or Payment Holiday;
Northern Irish Loans	Loans secured by Northern Irish Mortgages;
Northern Irish Mortgage	A Mortgage over a Property located in Northern Ireland;
Notice to Pay	The meaning given in Condition 9.1 (Issuer Events of Default) on page 127;
NSS	The New Safekeeping Structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations;
Official List	The Official list of the FCA;
Ombudsman	The Financial Ombudsman Service under the FSMA 2000;
Order	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended;

Original Due for Payment Date	The meaning given in paragraph (a)(i) of the definition of **Due for Payment**;
Overpayment	A payment by a Borrower in an amount greater than the amount due on a Monthly Payment Date which (a) is permitted by the terms of such Loan or by agreement with the Borrower and (b) reduces the True Balance of such Loan;
Partial Portfolio	Part of any portfolio of Selected Loans;
Paying Agents	The meaning given in on page 87;
Payment Day	The meaning given in Condition 5 (Payments) on page 116;
Payment Holiday	The right of a Borrower, under the applicable Mortgage Conditions, to not make a monthly payment for one or more months in certain circumstances;
Permanent Global Covered Bond	The meaning given in "*Form of the Covered Bonds*" on page 70;
Portfolio	The Initial Portfolio and each New Portfolio acquired by the LLP;
Post-Enforcement Priority of Payments	The meaning given in "*Cash flows*" on page 197;
Potential Issuer Event of Default	The meaning given in Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution) on page 135;
Potential LLP Event of Default	The meaning given in Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution) on page 135;
PRA	The Prudential Regulation Authority;
Pre-Acceleration Principal Priority of Payments	The meaning given in "*Cash flows*" on page 192;
Pre-Acceleration Revenue Priority of Payments	The meaning given in "*Cash flows*" on page 189;
Preceding Business Day Convention	The meaning given in Condition 4.2 (Interest on Floating Rate Covered Bonds) on page 97;
Pre-Maturity Liquidity Ledger	The ledger on the GIC Account 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 Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Test has been breached;
Pre-Maturity Test	The meaning given in "*Credit Structure—Pre-Maturity Liquidity*" on page 185;
Pre-Maturity Test Date	The meaning given in "*Credit Structure—Pre-Maturity Liquidity*" on page 185;
PRIIPs Regulation	Regulation (EU) No. 1286/2014;

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 Bond in respect thereof;

Principal Ledger The ledger in connection with any GIC Account or the Collateralised GIC Account, as applicable, of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of the Principal Receipts in accordance with the terms of the LLP Deed;

Principal Paying Agent The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 87;

Principal Receipts

(a) principal repayments under the Loans (including payments of arrears, Capitalised Interest, Capitalised Expenses and Capitalised Arrears);

(b) recoveries of principal from defaulting Borrowers under Loans being enforced (including the proceeds of sale of the relevant Property);

(c) any payment pursuant to any insurance policy in respect of a Property in connection with a Loan in the Portfolio; and

(d) the proceeds of the repurchase of any Loan by the Seller from the LLP pursuant to the Mortgage Sale Agreement (including, for the avoidance of doubt, amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date);

Priorities of Payments The orders of priority for the allocation and distribution of amounts standing to the credit of the LLP Accounts (except for the Covered Bond Swap Collateral Accounts and the Stand-by Covered Bond Swap Collateral Accounts) in different circumstances;

Product Switch A variation to the financial terms or conditions included in the Mortgage Conditions applicable to a Loan other than:

(a) any variation agreed with a Borrower to control or manage arrears on a Loan;

(b) any variation in the maturity date of a Loan; and/or

(c) any variation imposed by statute or any variation in the frequency with which the interest payable in respect of the Loan is charged;

Programme Nationwide Building Society's €45 billion Covered Bond Programme;

Programme Agreement The meaning given in "*Subscription* and Sale and Transfer and Selling Restrictions" on page 246;

Programme Date 28 June 2012;

Programme Resolution 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;

Properties in Possession Policies	The properties in the possession policy written by Churchill Insurance Company Limited in favour of the Seller and any endorsements or extensions thereto as issued from time to time, or any such similar alternative or replacement properties in a possession policy or policies as may be effected from time to time to cover a Seller in respect of Loans and their Related Security, such other properties in a possession policy or policies to provide such level of cover as would be acceptable to a Reasonable, Prudent Mortgage Lender at the date of such other policy or policies;
Property	A freehold or leasehold property (or in Scotland a heritable property or a property held under a long lease) that is subject to a Mortgage;
Purchaser	Any third party or the Seller to whom the LLP offers to sell Selected Loans;
QIB	A "qualified institutional buyer" within the meaning of Rule 144A;
Rating Agencies	Moody's, S&P and/or Fitch, and each a **Rating Agency**;
Rating Agency Confirmation	A confirmation in writing by each of the Relevant Rating Agencies that the then current ratings of the Existing Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter;
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) and as further amended from time to time;
RCB Sourcebook	The Regulated Covered Bond Specialist Sourcebook 2008 published under the FSMA 2000;
Reasonable, Prudent Mortgage Lender	The Seller and/or the Servicer, 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;
Record Date	The meaning given in Condition 5 (Payments) on page 114;
Redeemed Covered Bonds	The meaning given in Condition 5 (Payments) on page 121;
Re-draw	Either a Cash Re-draw or a Non-cash Re-draw;
Reference Lenders	The banks and building societies specified as the Reference Lenders in the Interest Rate Swap Agreement, being at the date of this Base Prospectus, Barclays Bank PLC, HSBC Bank plc, Lloyds Bank plc, the Royal Bank of Scotland plc and Santander UK plc (or their respective successors);
Register	The register of holders of the Registered Covered Bonds maintained by the Registrar;
Registered Covered Bonds	Covered Bonds in registered form other than A$ Registered Covered Bonds;

Registered Definitive Covered Bond	A Registered 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 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 7 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 Northern Ireland	The Land Registry of Northern Ireland and/or the Registry of Deeds in Belfast;
Registers of Scotland	The Land Register of Scotland and the General Register of Sasines;
Registrar	Citibank, N.A., London Branch, 21st floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB in its capacity as registrar (and any successor registrar);
Regulated Covered Bonds	Covered Bonds that have been admitted to the register of covered bonds maintained by the FCA pursuant to the RCB Regulations;
Regulated Mortgage Contract	The meaning given in "*Further Information relating to the Regulation of Mortgages in the UK – Certain Regulatory Considerations*" on page 200;
Regulation Effective Date	The date on which the regulation of residential mortgage business under the FSMA 2000 came into force, being 31 October 2004;
Regulation S	Regulation S under the Securities Act;
Regulation S Covered Bond	Any Covered Bond represented by a Regulation S Global Covered Bond or any Definitive Regulation S Covered Bond;
Regulation S Global Covered Bond	The meaning given in "*Form of the Covered Bonds*" on page 71;
Related Security	In relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio;
Relevant Date	The meaning given in Condition 7 (Taxation) on page 126;
Relevant Rating Agencies	Rating Agencies (in each case, provided that such Rating Agency maintains ratings of outstanding Existing Covered Bonds), and each a **Relevant Rating Agency**;
Representations and Warranties	The representations and warranties set out in Schedule 1 (Representations and Warranties) to the Mortgage Sale Agreement;

Repurchase Notice A notice from the Cash Manager to the Seller identifying a Loan or its Related Security in the Portfolio which does not, as at the relevant Transfer Date or relevant Calculation Date (in the case of an Additional Loan Advance), materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement;

Required Redemption Amount The meaning given in "*Summary of the Principal Documents*" on page 153;

Required True Balance Amount The meaning given in "*Summary of the Principal Documents*" on page 166;

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), any part of a Cash Capital Contribution, if directed by Nationwide Building Society (in its capacity as a Member) and the proceeds of Available Revenue Receipts up to an amount equal to the Reserve Fund Required Amount;

Reserve Fund Required Amount If the Issuer's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P, F1+ by Fitch and the Issuer is assigned a counterparty risk assessment by Moody's of at least P-1(cr), nil (in each case, provided that such ratings by S&P, Moody's and/or Fitch shall not apply to the extent (i) such agency does not maintain ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and (ii) there are no Covered Bonds issued prior to such date which are still outstanding) (or such other amount as Nationwide Building Society shall direct the LLP from time to time) and otherwise, an amount equal to the higher of:

(a) the Sterling Equivalent of one month's 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 paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments; and

(b) the sum of:

(i) for each Series of Covered Bonds in respect of which the Issuer is the Covered Bond Swap Provider or where there is no Covered Bond Swap Provider, an amount equal to the Sterling Equivalent of the interest falling due on such Series of Covered Bonds in the next following three-month period;

(ii) for each Series of Covered Bonds in respect of which the Issuer is not the Covered Bond Swap Provider, the aggregate of amounts in sterling falling due to the Covered Bond Swap Provider in relation to such Series of Covered Bonds in the next following three-month period; and

(iii) the Sterling Equivalent of an amount equal to the anticipated amounts payable in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments falling due in the next following three-month period,

plus £600,000 (or such higher amount as Nationwide Building Society shall direct the LLP from time to time);

Reserve Ledger The ledger on any 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;

Revenue Ledger The ledger of such name in connection with any GIC Account or the Collateralised GIC Account, as applicable, 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

(a) payments of interest (excluding Accrued Interest and Arrears of Interest as at the relevant Transfer Date of a Loan) and other fees due from time to time under the Loans and other amounts received by the LLP in respect of the Loans other than the Principal Receipts;

(b) recoveries of interest from defaulting Borrowers under Loans being enforced; and

(c) recoveries of interest and/or principal from defaulting Borrowers under Loans in respect of which enforcement procedures have been completed;

Rule 144A Rule 144A under the Securities Act;

Rule 144A Global Covered Bond A Global Covered Bond in registered form representing the Registered Covered Bonds of a Tranche sold to QIBs pursuant to Rule 144A;

Rules The rules, regulations and procedures creating and affecting DTC and its operations;

S&P S&P Global Ratings, a division of S&P Global;

Sale Proceeds The cash proceeds realised from the sale of Selected Loans and their Related Security;

Scheduled Interest An amount equal to the amount in respect of interest that would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in Condition 4 (Interest) (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 any 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 (Taxation);

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 that 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 Condition 6.1 (Final redemption) and Condition 6.4 (Redemption due to illegality) (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**Excluded Scheduled Principal Amounts**) payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date and, if the Final Terms specifies that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date;
Scottish Declaration of Trust	Each declaration of trust in relation to Scottish Loans and their Related Security made pursuant to the Mortgage Sale Agreement by means of which the sale of such Scottish Loans and their Related Security by the Seller to the LLP and the transfer of the beneficial interest therein to the LLP are given effect;
Scottish Loans	Loans secured by Scottish Mortgages;
Scottish Mortgage	A Mortgage over a Property located in Scotland;
Scottish Sub-Security	Each standard security granted by the LLP in favour of the Security Trustee pursuant to Clause 3.3 of the Deed of Charge;
Scottish Supplemental Charge	Each supplemental assignation in security governed by Scots law granted by the LLP in favour of the Security Trustee pursuant to the Deed of Charge;
SEC	US 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 Covered Bondholders), the Covered Bondholders, the Receiptholders, the Couponholders, the Issuer, the Seller, the Servicer, any Account Bank, any Additional Account Bank, the Back-Up Servicer Facilitator, the Back-Up Cash Manager Facilitator, any GIC Provider, any Stand-by Account Bank, any Stand-by GIC Provider, the Cash Manager, the Swap Providers, the Corporate Services Provider, the Paying Agents, the Back-Up Servicer (upon acceding to the Deed of Charge), the Back-Up Cash Manager (upon acceding to the Deed of Charge) and any other person that becomes a Secured Creditor pursuant to the Deed of Charge;
Securities Act	The US Securities Act of 1933, as amended;
Security	The meaning given in "*Summary of the Principal Documents*" on page 181;
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 Loan Offer Notice	A notice from the LLP served on the Seller offering to sell Selected Loans and their Related Security for an offer price equal to the greater of the then True Balance of the Selected Loans and the Adjusted Required Redemption Amount;

Selected Loan Repurchase Notice A notice from the Seller served on the LLP accepting an offer set out in a Selected Loan Offer Notice;

Selected Loans Loans and their Related Security to be sold by the LLP pursuant to the terms of the LLP Deed having in aggregate the Required True Balance Amount;

Selection Date The meaning given in Condition 6.3 (Redemption at the option of the Issuer (Issuer Call)) on page 121;

Seller Nationwide Building Society and any New Seller;

Series A Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds that 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:

(a) the 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) the alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made;

(c) the 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 6.8 (Cancellation) or Condition 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) the alteration of the proviso to paragraph 5 or paragraph 6 of Schedule 4 to the Trust Deed;

Servicer	Nationwide Building Society in its capacity as servicer under the Servicing Agreement together with any successor servicer appointed from time to time;
Servicer Event of Default	The meaning given in "*Summary of the Principal Documents*" on page 157;
Servicer Termination Event	The meaning given in "*Summary of the Principal Documents*" on page 157;
Servicing Agreement	The servicing agreement dated the Initial Programme Date as amended and restated on 30 April 2008 (as amended and/or supplemented and/or restated from time to time) entered into between the LLP, the Servicer and the Security Trustee;
Share Trustee	Wilmington Trust SP Services (London) Limited, having its registered office at Third Floor, 1 King`s Arms Yard, London EC2R 7AF;
SMR	The Seller's uncapped standard mortgage rate which was introduced in April 2009;
SMR Loans	Loans that are subject to the Seller's SMR;
Society	Nationwide Building Society;
Soft Bullet Covered Bond	Any Covered Bond issued by the Issuer in respect of which the payment of the Final Redemption Amount may be deferred to an Extended Due for Payment Date falling after the Final Maturity Date, should the LLP have insufficient funds to pay such Final Redemption Amount on the Final Maturity Date of that Covered Bond;
SONIA	The Sterling Overnight Index Average;
SONIA Spot Rate	With respect to publication on any London Business Day, the daily Sterling Overnight Index Average (SONIA) published on such London Business Day (and relating to the immediately preceding London Business Day) as provided by the administrator of SONIA to authorised distributors and as then published on the SONIA Screen Page (or, if the SONIA Screen Page is unavailable, as otherwise published by such authorised distributors);
SOFR	The Secured Overnight Financing Rate;
Specified Currency	Subject to any applicable legal or regulatory restrictions, euro, Sterling, US 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;
Specified Period	The meaning given in the applicable Final Terms;
Standard Documentation	The standard documentation, annexed to the relevant exhibit of the Mortgage Sale Agreement or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender;

Standard Variable Rate	The Nationwide BMR or SMR;
Stand-by Account	Any Stand-by GIC Account, each Stand-by Covered Bond Swap Collateral Account, each Stand-by Interest Rate Swap Collateral Account and/or any Stand-by Transaction Account;
Stand-by Account Bank	The meaning given in "*Summary of the Principal Documents*" on page 180;
Stand-by Bank Account Agreement	The meaning given in "*Summary of the Principal Documents*" on page 180;
Stand-by Covered Bond Swap Collateral Account	Each custody or bank account of the LLP to be opened and maintained with a Stand-by Account Bank in accordance with and subject to the terms of a Stand-by Bank Account Agreement and the Deed of Charge or such additional or replacement account as may be for the time being in place and designated as such opened and maintained with any Additional Stand-by Account Bank and subject to the terms of a Stand-by Bank Account Agreement and the Deed of Charge;
Stand-by GIC Account	The meaning given in "*Summary of the Principal Documents*" on page 180;
Stand-by GIC Provider	The meaning given in "*Summary of the Principal Documents*" on page 180;
Stand-by Guaranteed Investment Contract	The meaning given in "*Summary of the Principal Documents*" on page 180;
Stand-by Transaction Account	The meaning given on page 180;
Sterling Equivalent	In relation to (i) a Term Advance that is denominated in a currency other than Sterling, the Sterling equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Term Advance (ii) any other amount that is denominated in a currency other than Sterling, the Sterling equivalent of such amount ascertained by Nationwide Building Society using the spot rate of exchange on the relevant date and (iii) a Term Advance or another amount which is denominated in Sterling, that amount;
Subsidiary	Any company that is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006 of Great Britain);
Substitution Assets	Each of: (a) Sterling gilt-edged securities;

(b) Sterling demand or time deposits 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 2000) are rated at least A-1+/AA- by S&P and F1+ by Fitch, and such entity is assigned a counterparty risk assessment by Moody's of at least P-1(cr) short-term and Aa3(cr) long-term (in each case, provided that such ratings by S&P, Moody's and/or Fitch shall not apply to the extent (i) such agency does not maintain ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and (ii) there are no Covered Bonds issued prior to such date which are still outstanding), or their equivalents by three other internationally recognised rating agencies; and

(c) Sterling denominated government and public securities, as defined from time to time in accordance with the RCB Regulations, provided that such investments have a remaining period to maturity of one year or less and that are rated at least Aaa by Moody's, AAA by S&P and F1+ by Fitch (in each case, provided that such ratings by S&P, Moody's and/or Fitch shall not apply to the extent (i) such agency does not maintain ratings of outstanding Existing Covered Bonds issued after 12 February 2021 and (ii) there are no Covered Bonds issued prior to such date which are still outstanding), or their equivalents by three other internationally recognised rating agencies,

provided that such Substitution Assets comply with the requirements of Regulation 2(1A) of the RCB Regulations;

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, euro 0.01;

Successor in Business The meaning given in Condition 14 (Meetings of holders of the Covered Bonds, Modification, Waiver and Substitution) on page 135;

Supplemental Liquidity Available Amount The meaning given in "*Summary of the Principal Documents*" on page 165;

Supplemental Liquidity Event The meaning given in "*Credit Structure*" on page 185;

Supplemental Liquidity Reserve Amount The meaning given in "*Summary of the Principal Documents*" on page 164;

Supplemental Liquidity Reserve Ledger The ledger of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of moneys available from the proceeds of sales of Selected Loans sold with the aim to fund or replenish such ledger up to the Supplemental Liquidity Reserve Amount;

Swap Agreements The Covered Bond Swap Agreements together with the Interest Swap Agreement, and each a **Swap Agreement**;

Swap Collateral	At any time, any asset (including, without limitation, cash and/or securities) that 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 Available Amounts	On termination of a Swap Agreement, the amount of Swap Collateral which under the terms of the relevant Swap Agreement and following termination thereof may be applied at that time in satisfaction of the relevant Swap Provider's obligations to the LLP to pay any termination amount owing by such Swap Provider, to the extent such amount remains unpaid, and to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments, the Post-Enforcement Priority of Payments or the Guarantee Priority of Payments, as applicable;
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 or the sole Affected Party (each as defined in the 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	Covered Bond Swap Providers and the Interest Swap Provider, and each a Swap Provider;
Swaps	The Covered Bond Swaps together with the Interest Rate Swaps;
Talons	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 87;
T2	The Trans-European Automated Real-Time Gross Settlement Express Transfer system or any successor or replacement thereto;
Temporary Global Covered Bond	The meaning given in "*Form of the Covered Bonds*" on page 70;
Term Advance	Each term advance made by the Issuer to the LLP from the proceeds of Covered Bonds pursuant to the Intercompany Loan Agreement;
Third Party Amounts	Each of: (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 Early Repayment Fees) and other charges that are due to the Seller; and

(i) 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);

(ii) (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 Loan) any amount payable to a Borrower under the terms of the Mortgage or the Loan to which that Borrower is a party (other than a Further Advance);

(iii) any amounts owed to the Seller pursuant to Clause 6 (Trust of Moneys) of the Mortgage Sale Agreement; and

(iv) 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 any GIC Account or the Collateralised GIC Account, as applicable;

Title Deeds In relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents that make up the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage;

Transaction Account The account designated as such in the name of the LLP held with the Account Bank and maintained subject to the terms of the Bank Account Agreement and the Deed of Charge or such other account as may for the time being be in place with the prior consent of the Security Trustee and designated as such;

Transaction Documents

(a) the Mortgage Sale Agreement;

(b) each Scottish Declaration of Trust;

(c) the Servicing Agreement;

(d) the Asset Monitor Agreement;

(e) the Intercompany Loan Agreement;

(f) the LLP Deed;

(g) the Cash Management Agreement;

(h) the Interest Rate Swap Agreement;

(i) each Covered Bond Swap Agreement;

(j) the Guaranteed Investment Contract;

(k) the Stand-by Guaranteed Investment Contract;

(l) the Bank Account Agreement;

(m) the Stand-by Bank Account Agreement;

(n) the Corporate Services Agreement;

(o) the Deed of Charge (and any documents entered into pursuant to the Deed of Charge, including without limitation each Scottish Supplemental Charge and Scottish Sub-Security);

(p) the Trust Deed;

(q) the Agency Agreement;

(r) the Programme Agreement (and any Dealer Accession Letter);

(s) each set of Final Terms (as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement);

(t) each Subscription Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement);

(u) the Collateral Agreement (if applicable);

(v) the Master Definitions and Construction Agreement;

(w) Australian Agency Agreement; and

(x) Australian Deed Poll;

Transfer Agent The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 87;

Transfer Certificate The meaning given in Condition 2.6 (Transfers of interests in Regulation S Global Covered Bonds) on page 92;

Transfer Date Each of the First Transfer Date and the date of transfer of any New Portfolio to the LLP in accordance with the Mortgage Sale Agreement;

True Balance For any Loan as at any given date, the aggregate (but avoiding double counting) of:

(a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage;

(b) the amount of any Re-draw made under any Flexible Loan or of any Further Draw made under a Flexible Advance secured or intended to be secured by the related Mortgage;

(c) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment that has been property 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 Loan (including interest capitalised on any Re-draw under a Flexible Loan); and

(d) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) that is due or accrued (whether or not due) and that 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 that is secured or intended to be secured by that Loan,

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 and excluding any retentions made but not released and any Additional Loan Advances committed to be made but not made by the end of the London Business Day immediately preceding that given date;

Trust Deed The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 86;

UCITS Directive The meaning given on page 223;

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 it forms part of domestic law by virtue of the EUWA;

UK Prospectus Regulation Regulation (EU) 2017/1129 as it forms part of the domestic law by virtue of EUWA;

Unfair Practices Directive Directive 2005/29/EC of the European Parliament and of the Council concerning unfair business-to-consumer commercial practices;

UTCCR The 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 one of the pro-forma contained in the Standard Documentation, obtained by the Seller from a Valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology that would be acceptable to a Reasonable, Prudent Mortgage Lender and that has been approved by the relevant officers of the Seller;

Valuer An Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers who was at the relevant time either a member of a firm that was on the list of Valuers approved by or on behalf of the Seller from time to time or an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers employed in-house by the Seller acting for the Seller in respect of the valuation of a Property;

Yield Shortfall Test The test as to whether the aggregate amount of interest on the Loans and amounts under the Interest Rate Swap Agreement to be received by the LLP during the relevant LLP Payment Period would give a yield of at least the SONIA Spot Rate published on the final London Business Day in the previous Calculation Period plus 0.25%; and

Zero Coupon Covered Bonds	Covered Bonds that will be offered and sold at a discount to their nominal amount and that will not bear interest.

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