

EXECUTION VERSION

THIRD SUPPLEMENTAL TRUST DEED

19 JULY 2023

**Relating to the £10 billion
Global Covered Bond Programme**

**TSB BANK PLC
as Issuer**

**TSB COVERED BONDS LLP
as LLP**

and

**CITICORP TRUSTEE COMPANY LIMITED
as Bond Trustee and Security Trustee**

ALLEN & OVERY

Allen & Overy LLP

0016917-0000051 UKO2: 2006280925.7

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THIS THIRD SUPPLEMENTAL TRUST DEED (this **Third Supplemental Trust Deed**) is made on 19 July 2023.

BETWEEN:

- (1) **TSB BANK PLC** (registered number SC095237), a public limited company incorporated under the laws of Scotland whose registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH, Scotland (the **Issuer**);
- (2) **TSB COVERED BONDS LLP** (registered number OC411834), a limited liability partnership established in England and Wales under the Limited Liability Partnerships Act 2000, whose registered office is 1 Bartholomew Lane, London EC2N 2AX (the **LLP**); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 0235414), a private limited company incorporated under the laws of England and Wales, whose principal office is at Citigroup Centre, 25 Canada Square, Canary Wharf, London, E14 5LB (in its capacity as the bond trustee for the Covered Bondholders, the Receiptholders and the Couponholders (the **Bond Trustee**) and in its capacity as the security trustee for the Secured Creditors (the **Security Trustee**)), which expressions shall, wherever the context so admits, include such company and all other persons or companies for the time being the bond trustee or bond trustees or security trustee or security trustees of the trust presents.

WHEREAS:

- (A) This Third Supplemental Trust Deed is supplemental to the trust deed dated 24 February 2017 as supplemented on 1 November 2018 and on 29 April 2021 (the **Principal Trust Deed**) made between the Issuer, the LLP, the Bond Trustee and the Security Trustee and relating to the £10 billion Global Covered Bond Programme (the **Programme**) established by the Issuer.
- (B) The Issuer, the LLP, the Bond Trustee and the Security Trustee have agreed to enter into this Third Supplemental Trust Deed to effect the changes to the Terms and Conditions set out in Schedule 1 of the Principal Trust Deed (the **Terms and Conditions**) and some other changes to the Principal Trust Deed.
- (C) The Issuer will publish a modified and updated Prospectus on or about the date hereof (the **Prospectus**) relating to any Covered Bonds issued under the Programme after the date hereof and which will replace the Prospectus dated 14 September 2022.

NOW THIS THIRD SUPPLEMENTAL TRUST DEED WITNESSES AND IT IS AGREED AND DECLARED as follows:

1. DEFINITIONS

Subject as otherwise provided in this Third Supplemental Trust Deed and unless there is anything in the subject or context inconsistent therewith, all words and expressions defined in the Principal Trust Deed shall have the same meanings in this Third Supplemental Trust Deed.

2. MODIFICATION

With effect from the date hereof, the Principal Trust Deed shall be amended in such manner as would result in the Principal Trust Deed as so amended being in the form set out in Appendix 1. For the avoidance of doubt, the amendments made pursuant to this Clause 2 shall only apply to any Series of Covered Bonds issued on or after the date hereof which are not consolidated to form a

single Series with any Covered Bonds issued prior to the date of this Third Supplemental Trust Deed.

3. GENERAL

- 3.1 The provisions of the Principal Trust Deed, as modified by this Third Supplemental Trust Deed, shall continue in full force and effect and shall be valid and binding obligations of each of the Issuer, the LLP, the Bond Trustee and the Security Trustee.
- 3.2 A memorandum of this Third Supplemental Trust Deed shall be endorsed by the Bond Trustee on the Trust Deed and by the Issuer on its duplicate thereof.

4. COSTS AND EXPENSES

The Issuer shall, on demand by the Bond Trustee, reimburse the Bond Trustee and the Security Trustee for all properly incurred costs and expenses (including legal fees) incurred by it in connection with the negotiation, preparation and execution or purported execution of this Third Supplemental Trust Deed and the completion of the matters herein contemplated.

5. THIRD PARTY RIGHTS

A person who is not a party to this Third Supplemental Trust Deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

6. COUNTERPARTS AND SEVERABILITY

- 6.1 This Third Supplemental Trust Deed and any trust deed supplemental hereto may be executed and delivered in any number of counterparts (manually or by facsimile) and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which, taken together, shall constitute one and the same instrument.
- 6.2 Where any provision in or obligation under this Third Supplemental Trust Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Third Supplemental Trust Deed, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

7. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- 7.1 This Third Supplemental Trust Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.
- 7.2 Each party to this Third Supplemental Trust Deed hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Third Supplemental Trust Deed (including a dispute relating to any non-contractual obligations arising out of or relating to this Third Supplemental Trust Deed) and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Third Supplemental Trust Deed hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding.

IN WITNESS whereof this Third Supplemental Trust Deed has been executed as a deed by the Issuer, the LLP, the Security Trustee and the Bond Trustee and delivered on the date first stated on page 2.

SIGNATORIES

**EXECUTED as a DEED by
TSB BANK PLC**
acting by its duly authorised attorney

By: _____

in the presence of:

Witness name: _____

Signature: _____

Address: _____

**EXECUTED as a DEED by
TSB COVERED BONDS LLP**
acting by its duly authorised attorney

By: _____

in the presence of:

Witness name: _____

Signature: _____

Address: _____

**EXECUTED as a DEED by
CITICORP TRUSTEE COMPANY LIMITED**
as Bond Trustee and Security Trustee
acting by a Director or Attorney:

Director / Attorney _____

in the presence of:

Witness name:

Signature:

Address:

SIGNATORIES

EXECUTED as a **DEED** by
TSB BANK PLC
acting by its duly authorised attorney

By: _____

in the presence of:
Witness name:

Signature:

Address:

EXECUTED as a **DEED** by
TSB COVERED BONDS LLP
acting by its duly authorised attorney

By: _____

in the presence of:
Witness name:

Signature:

Address:

EXECUTED as a **DEED** by
CITICORP TRUSTEE COMPANY LIMITED
as Bond Trustee and Security Trustee
acting by a Director or Attorney:

~~Director/~~ Attorney  _____

in the presence of:

Witness name:

Signature:

Address:



APPENDIX 1

TRUST DEED

**DATED 24 FEBRUARY 2017
(AS SUPPLEMENTED ON 1 NOVEMBER 2018, 29 APRIL 2021 AND 19 JULY 2023)**

**Relating to the £10 billion
Global Covered Bond Programme**

**TSB BANK PLC
as Issuer**

**TSB COVERED BONDS LLP
as LLP**

and

**CITICORP TRUSTEE COMPANY LIMITED
as Bond Trustee and Security Trustee**

ALLEN & OVERY

Allen & Overy LLP

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THIS TRUST DEED is made on 24 February 2017 as supplemented on 1 November 2018, 29 April 2021 and 19 July 2023

BETWEEN:

- (1) **TSB BANK PLC** (registered number SC095237), a public limited company incorporated under the laws of Scotland whose registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH, Scotland (the **Issuer**);
- (2) **TSB COVERED BONDS LLP** (registered number OC411834), a limited liability partnership established in England and Wales under the Limited Liability Partnerships Act 2000, whose whose registered office is 1 Bartholomew Lane, London EC2N 2AX (the **LLP**); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 0235414), a private limited company incorporated under the laws of England and Wales, whose principal office is at Citigroup Centre, 25 Canada Square, Canary Wharf, London, E14 5LB (in its capacity as the bond trustee for the Covered Bondholders, the Receiptholders and the Couponholders (the **Bond Trustee**) and in its capacity as the security trustee for the Secured Creditors (the **Security Trustee**)), which expressions shall, wherever the context so admits, include such company and all other persons or companies for the time being the bond trustee or bond trustees or security trustee or security trustees of the trust presents.

WHEREAS:

- (A) By a resolution of the board of directors of the Issuer on or about 22 February 2017, the Issuer has resolved to establish a Programme pursuant to which the Issuer may from time to time issue Covered Bonds as set out herein. Covered Bonds up to a maximum nominal amount (calculated in accordance with clause 17 (*Increase in Programme Limit*) of the Programme Agreement) from time to time outstanding of £10 billion (or its equivalent in other currencies) (subject to increase as provided in the Programme Agreement) (the **Programme Limit**) may be issued pursuant to the Programme. The Programme size was increased to £10 billion on 19 July 2023 in accordance with the terms of the Programme Agreement
- (B) By a resolution of the LLP Management Board dated 22 February 2017, the LLP has resolved to guarantee payment of the Guaranteed Amounts in respect of the Covered Bonds on the terms set out herein.
- (C) The Bond Trustee has agreed to act as bond trustee of the trust presents for the benefit of the Covered Bondholders, the Receiptholders and the Couponholders upon and subject to the terms and conditions of the trust presents.

NOW THIS TRUST DEED WITNESSES AND IT IS AGREED AND DECLARED as follows:

1. DEFINITIONS AND INTERPRETATIONS

- 1.1 (a) All references in the trust presents to principal and/or principal amount and/or interest in respect of the Covered Bonds or to any moneys payable by the Issuer or the LLP under the trust presents shall, unless the context otherwise requires, be construed in accordance with Condition 5.7 (*Interpretation of principal and interest*) of the Programme Conditions or, in the case of an N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable).

- (b) All references in the trust presents to any action, remedy or method of proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of proceeding for the enforcement of the rights of creditors available and reasonably appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of proceeding described or referred to in the trust presents.
- (c) All references in the trust presents to Euroclear and/or Clearstream, Luxembourg, whenever the context so permits, shall be deemed to include references to any additional or alternative clearing system as is approved by the Issuer, the Principal Paying Agent and the Bond Trustee or as may otherwise be specified in the applicable Final Terms. In the case of NGCBs, such other alternative clearing system must also be authorised to hold such covered bonds as eligible collateral for Eurosystem monetary policy and intra-day credit operations.
- (d) Unless the context otherwise requires words or expressions used in the trust presents shall bear the same meanings as in the Companies Act.
- (e) All references in the trust presents to the **records** of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and/or Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interest in the Covered Bonds.
- (f) All references in the trusts presents to the Principal Paying Agent, for the avoidance of doubt, shall be to Citibank, N.A., London Branch, or, if applicable, any successor principal paying agent
- (g) In this Trust Deed references to Schedules, Clauses, paragraphs and sub-paragraphs shall be construed as references to the Schedules to this Trust Deed and to the Clauses, paragraphs and sub-paragraphs of this Trust Deed respectively.

1.2 The master definitions and construction agreement made between the parties to the Transaction Documents dated 24 February 2017 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time) (the **Master Definitions and Construction Agreement**) is expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Agreement shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals hereto and this Deed shall be construed in accordance with the interpretation provisions set out in Clause 2 (*Interpretation and Construction*) of the Master Definitions and Construction Agreement.

1.3 All references in the trust presents to the **relevant currency** shall be construed as references to the currency in which payments in respect of the Covered Bonds, Receipts and/or Coupons of the relevant Series are to be made as indicated in the applicable Final Terms.

1.4 All references in the trust presents to Covered Bonds having a **listing** or being **listed** on a Stock Exchange shall, in relation to the London Stock Exchange, be construed to mean that such Covered Bonds have been admitted to the Official List by the Financial Conduct Authority and admitted to trading on the London Stock Exchange's main market and all references in the trust presents to **listing** and **listed** shall include references to **quotation** and **quoted** respectively.

1.5 Save for the purposes of the proviso to the definition of outstanding in the Master Definitions and Construction Agreement, the Bond Trustee shall rely on the Register maintained by the Registrar for the determination of the principal amount outstanding of each N Covered Bond.

2. AMOUNT AND ISSUE OF THE COVERED BONDS

2.1 Amount of the Covered Bonds, Final Terms and Legal Opinions

The Covered Bonds will be issued in Series in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit from time to time and for the purpose of determining such aggregate nominal amount Clause 16 (*Increase in Programme Limit*) of the Programme Agreement shall apply.

In the case of all Covered Bonds (other than N Covered Bonds), by not later than 3.00 p.m. (London time) on the second Business Day preceding each proposed Issue Date, the Issuer shall deliver or cause to be delivered to the Bond Trustee and the Security Trustee a copy of the applicable Final Terms and drafts of all (if any) legal opinions to be given in relation to the relevant issue and shall notify the Bond Trustee and the Security Trustee in writing without delay of the relevant Issue Date and the nominal amount of the Covered Bonds to be issued. Upon the issue of the relevant Covered Bonds, such Covered Bonds (other than N Covered Bonds) shall become constituted by the trust presents without further formality. The N Covered Bonds shall be issued in accordance with Clause 3.4 (*N Covered Bonds*) upon execution and authentication in accordance with Clause 3.3(c) and following the execution of a N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms), such N Covered Bonds shall be constituted by the trust presents without further formality.

Before the first issue of Covered Bonds occurring after each anniversary of this Trust Deed and on such other occasions as the Bond Trustee so requests (on the basis that the Bond Trustee considers it necessary in view of a change (or proposed change) in English law materially affecting the Issuer or the LLP (as the case may be), the trust presents, the Programme Agreement, the Agency Agreement or the Deed of Charge or the Bond Trustee has other reasonable grounds which shall not include the mere lapse of time), the Issuer or, as the case may be, the LLP will procure that further legal opinion(s) (relating, if applicable, to any such change or proposed change) in such form and with such content as the Bond Trustee may reasonably require from the legal advisers specified in the Programme Agreement or such other legal advisers as the Bond Trustee may approve is/are delivered to the Bond Trustee and the Security Trustee. Whenever such a request is made with respect to any Covered Bonds to be issued, the receipt of such opinion(s) in a form satisfactory to the Bond Trustee shall be a further condition precedent to the issue of those Covered Bonds.

2.2 Covenant to repay principal and to pay interest

The Issuer covenants with the Bond Trustee that it shall, as and when the Covered Bonds of any Series or any of them or any instalment of principal in respect thereof becomes due to be redeemed, or on such earlier date as the same or any part thereof may become due and repayable thereunder, in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Bond Trustee in the relevant currency, in the case of any currency other than the euro, in the principal financial centre for that currency and in the case of euro, in a city in which banks have access to the TARGET2 System, in immediately available funds the Principal Amount Outstanding in respect of the Covered Bonds of such Series or the amount of such instalment becoming due for redemption on that date and (except in the case of Zero Coupon Covered Bonds) shall in the meantime and until redemption in full of the Covered Bonds of such Series (both before and after any decree, judgment or other order of a court of competent jurisdiction) unconditionally pay or procure to be paid to or to the order of the Bond Trustee as aforesaid interest (which shall accrue from day to day) on the Principal Amount Outstanding of the Covered Bonds outstanding of such Series at rates and/or in amounts calculated from time to time in accordance with, or specified in, and on the dates provided for in, the Conditions (subject to Clause 2.5 (*Calculation of Rate of Interest*)); PROVIDED THAT:

- (a) except for Excess Proceeds, every payment (whether by the Issuer or the LLP) of principal or interest or other sum due in respect of the Covered Bonds made to or to the order of the Principal Paying Agent in the manner provided in the Agency Agreement to or to the order of the Covered Bondholders in accordance with the Conditions, shall be in satisfaction *pro tanto* of the relative covenant by the Issuer contained in this Clause 2 (*Amount and Issue of the Covered Bonds*) and (as the case may be) by the LLP except to the extent that there is a default in the subsequent payment or, as the case may be, delivery thereof in accordance with the Conditions to the relevant Covered Bondholders, Receiptholders or Couponholders (as the case may be) and (in the case of the LLP only) where such payment or, as the case may be, delivery by the LLP has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the Covered Bondholders;
- (b) every payment of Excess Proceeds in accordance with Condition 9.1 (*Issuer Events of Default*) of the Programme Conditions or, in the case of an N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable) and Clause 11.2 to or to the order of the Bond Trustee shall be in satisfaction (for the benefit of the Issuer only and not the LLP) *pro tanto* of the relative covenant by the Issuer contained in this Clause 2 (*Amount and Issue of the Covered Bonds*) in respect of the Excess Proceeds which are due and payable in relation to the Covered Bonds of such Series (but as provided in Clause 11.2, shall not do so for the purposes of the subrogation rights of the LLP contemplated by Clause 7.7 and shall not reduce or discharge any obligations of the LLP); and
- (c) in the case of any payment of principal which is not made to the Bond Trustee or the Principal Paying Agent, insofar as the Paying Agents are pursuant to the Agency Agreement obliged to make payments in respect of any outstanding Covered Bonds, Receipts or Coupons with regard to which replacements have been issued pursuant to Condition 10 (*Replacement of Covered Bonds Receipts, Coupons and Talons*) of the Programme Conditions or, in the case of an N Covered Bond, pursuant to the relevant N Covered Bond Conditions (if applicable) nothing in this Clause contained shall require the Issuer or (as the case may be) the LLP to make any such payment to the Bond Trustee or such delivery or any such payment or provision for payment to or to the account of the Principal Paying Agent or delivery in the manner provided in the Agency Agreement in respect of any such outstanding Covered Bonds, Receipts or Coupons unless and until the Principal Paying Agent shall be entitled to and does notify the Issuer or (as the case may be) the LLP in writing that it requires to be put in funds for any amount paid by it in respect thereof in which event the Issuer or (as the case may be) the LLP shall forthwith pay the Principal Paying Agent such amount.

The Bond Trustee will hold the benefit of this covenant on trust for the Covered Bondholders, the Receiptholders and the Couponholders and itself in accordance with the trust presents.

2.3 Discharge

Subject to Clause 2.4 (*Bond Trustee's requirements regarding Paying Agents after a default etc*) any payment or delivery, as the case may be, to be made in respect of the Covered Bonds, Receipts or the Coupons by the Issuer or (as the case may be) the LLP or the Bond Trustee may be made as provided in the Conditions and any payment or delivery, as the case may be, so made shall (subject to Clause 2.4 (*Bond Trustee's requirements regarding Paying Agents after a default etc*)) to that extent to be a good discharge to the Issuer or (as the case may be) the LLP or the Bond Trustee, as the case may be (including, in the case of Covered Bonds represented by an NGCB, whether or not the corresponding entries have been made in the records of Euroclear and Clearstream, Luxembourg).

2.4 Bond Trustee's requirements regarding Paying Agents after a default etc

- (A) At any time after an Issuer Event of Default or Potential Issuer Event of Default shall have occurred or the Bond Trustee shall have received any money from the Issuer which it proposes to pay under Clause 11 (*Application of Moneys*) to the relevant Covered Bondholders, Receiptholders and/or Couponholders, the Bond Trustee may:
- (a) by notice in writing to the Issuer, the LLP, the Principal Paying Agent, the other Paying Agents, the Registrar, the Calculation Agent and/or the Transfer Agents require the Principal Paying Agent, the other Paying Agents, the Registrar, the Calculation Agent and/or the Transfer Agents pursuant to the Agency Agreement:
 - (i) to act thereafter as Principal Paying Agent, Paying Agent, Registrar, Calculation Agent and/or Transfer Agent respectively of the Bond Trustee in relation to payments of such moneys to be made by or on behalf of the Bond Trustee to be made under the terms of these trust presents *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Bond Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Principal Paying Agent, the other Paying Agents, the Registrar, the the Calculation Agent and the Transfer Agents shall be limited to the amounts for the time being held by the Bond Trustee on the trusts of the trust presents relating to the Covered Bonds of the relevant Series and the relative Receipts and Coupons and available for such purpose); or
 - (ii) to hold on behalf of the Bond Trustee and deliver up all Covered Bonds, Receipts and Coupons and all sums, documents and records held by them in respect of the Covered Bonds, Receipts and Coupons to the Bond Trustee or as the Bond Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which the Principal Paying Agent, the relevant Paying Agent, the Registrar and/or the relevant Transfer Agent is obliged not to release by any law or regulation; and/or
 - (b) by notice in writing to the Issuer, require it to make all subsequent payments in respect of the Covered Bonds, Receipts and Coupons to or to the order of the Bond Trustee and not to the Principal Paying Agent and with effect from the issue of any such notice to the Issuer and until such notice is withdrawn proviso (a) to Clause 2.2 (*Covenant to repay principal and to pay interest*) relating to the Covered Bonds shall cease to have effect in respect of the Issuer.
- (B) At any time after an LLP Event of Default or Potential LLP Event of Default shall have occurred or the Bond Trustee shall have received any money from the LLP which it proposes to pay under Clause 11 (*Application of Moneys*) to the relevant Covered Bondholders, Receiptholders and/or Couponholders, the Bond Trustee may:
- (a) by notice in writing to the Issuer, the LLP, the Principal Paying Agent, the other Paying Agents, the Registrar, the Calculation Agent and/or the Transfer Agents require the Principal Paying Agent, the other Paying Agents, the Registrar, the Calculation Agent and/or the Transfer Agents pursuant to the Agency Agreement to:
 - (i) act thereafter as Principal Paying Agent, Paying Agent, Registrar, Calculation Agent and/or Transfer Agent respectively of the Bond Trustee in relation to payments of such moneys to be made by or on behalf of the Bond Trustee under the terms of these trust presents *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Bond Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the

Principal Paying Agent, the other Paying Agents, the Registrar, the Calculation Agent and the Transfer Agents shall be limited to the amounts for the time being held by the Bond Trustee on the trusts of the trust presents relating to the Covered Bonds of the relevant Series and available for such purpose); or

- (ii) to hold on behalf of the Bond Trustee and deliver up all Covered Bonds, Receipts and Coupons and all sums, documents and records held by them in respect of the Covered Bonds, Receipts and Coupons to the Bond Trustee or as the Bond Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which the Principal Paying Agent, the relevant Paying Agent, the Registrar and/or the relevant Transfer Agent is obliged not to release by any law or regulation; and/or
- (b) by notice in writing to the LLP require it to make all subsequent payments in respect of the Covered Bonds, Receipts and Coupons to or to the order of the Bond Trustee and not to the Principal Paying Agent and with effect from the issue of any such notice to the LLP and until such notice is withdrawn proviso (a) to Clause 2.2 (*Covenant to repay principal and to pay interest*) relating to the Covered Bonds shall cease to have effect in respect of the LLP.

2.5 Calculation of Rate of Interest

If the Floating Rate Covered Bonds or any other Covered Bonds of any Series on which interest is payable become immediately due and repayable following an Issuer Event of Default or an LLP Event of Default the rate and/or amount of interest payable in respect of them will be calculated by the Calculation Agent, in each case, at the same intervals as if such Covered Bonds had not become due and repayable, the first of such period which will commence on the expiry of the Interest Period during which the Covered Bonds of the relevant Series become so due and repayable *mutatis mutandis* in accordance with the provisions of Condition 4 (*Interest and other Calculations*) of the Programme Conditions or, in the case of an N Covered Bond, in accordance with the provisions of the relevant N Covered Bond Conditions (if applicable) except that the rates of interest need not be published.

2.6 Currency of payments

All payments of any amounts due in respect of, under and in connection with the trust presents and the Covered Bonds of any Series to the relevant Covered Bondholders, Receiptholders and Couponholders shall be made in the relevant currency all in accordance with the Conditions and converted at the relevant Covered Bond Swap Rate (if necessary).

2.7 Further Covered Bonds

The Issuer shall be at liberty from time to time (but subject always to the provisions of the trust presents) without the consent of the Covered Bondholders, Receiptholders or Couponholders to create and issue further Covered Bonds (whether in bearer or registered form) 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.

2.8 Separate Series

- (a) The Issuer shall be at liberty from time to time (but subject always to the provisions of the trust presents) without the consent of the Covered Bondholders, Receiptholders or Couponholders of any Series to create and issue further Covered Bonds (whether in bearer or

registered form) having different terms and conditions to the Covered Bonds of any Series so as to form separate series.

- (b) The Covered Bonds of each Series shall form a separate Series of Covered Bonds and accordingly, unless for any purpose the Bond Trustee in its absolute discretion shall otherwise determine and except as expressly provided otherwise in the trust presents or the Conditions, the provisions of this sentence and of Clauses 3 (*Forms of the Covered Bonds*) to 26 (*Bond Trustee's Retirement and Removal*) (both inclusive) and Schedule 4 (*Provisions for Meetings of Covered Bondholders*) shall apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series.

3. FORMS OF THE COVERED BONDS

3.1 Bearer Global Covered Bonds

- (a) The Bearer Covered Bonds of each Tranche will initially be represented by a single Temporary Global Covered Bond or a single Permanent Global Covered Bond, as indicated in the applicable Final Terms. Each Temporary Global Covered Bond shall be exchangeable, upon a request as described therein, for either Bearer Definitive Covered Bonds together with, where applicable, Receipts and (except in the case of Zero Coupon Covered Bonds) Coupons and where applicable, Talons attached, or a Permanent Global Covered Bond, in each case in accordance with the provisions of such Temporary Global Covered Bond. Each Permanent Global Covered Bond shall be exchangeable for Definitive Covered Bonds together with, where applicable, Receipts and (except in the case of Zero Coupon Covered Bonds) Coupons and, where applicable, Talons attached, in accordance with the provisions of such Permanent Global Covered Bond. All Bearer Global Covered Bonds shall be prepared, completed and delivered to a common depositary (in the case of CGCB) or common safekeeper (in the case of an NGCB) for Euroclear and Clearstream, Luxembourg in accordance with the provisions of the Programme Agreement or to another appropriate depositary as may be approved by the Bond Trustee in accordance with any other agreement between the Issuer and the relevant Dealer(s) and, in each case, the Agency Agreement.
- (b) Each Temporary Global Covered Bond shall be printed or typed in the form or substantially in the form set out in Part 1 of Schedule 2 (*Form of Temporary Global Covered Bond*) and may be a facsimile. Each Temporary Global Covered Bond shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Principal Paying Agent and shall, in the case of a Eurosystem-eligible NGCB be effectuated by the common safekeeper acting on the instructions of the Principal Paying Agent. Each Temporary Global Covered Bond so executed and authenticated shall be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect thereof shall be binding and valid obligations of the LLP and title to such Temporary Global Covered Bond shall pass by delivery.
- (c) Each Permanent Global Covered Bond shall be printed or typed in the form or substantially in the form set out in Part 2 of Schedule 2 (*Form of Permanent Global Covered Bond*) and may be a facsimile. Each Permanent Global Covered Bond shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Principal Paying Agent and shall, in the case of a Eurosystem-eligible NGCB be effectuated by the common safekeeper acting on the instructions of the Principal Paying Agent. Each Permanent Global Covered Bond so executed and authenticated shall be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect

thereof shall be binding and valid obligations of the LLP and title to such Permanent Global Covered Bond shall pass by delivery.

3.2 Registered Global Covered Bonds

- (a) Unless otherwise set forth in the applicable Final Terms, Registered Covered Bonds shall be represented by a Registered Global Covered Bond. The Registered Global Covered Bonds shall be deposited with, and registered in the name of a common depository for Euroclear and Clearstream, Luxembourg. Beneficial interests in the Registered Global Covered Bonds will be shown on, and exchanges and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Until the expiration of the Distribution Compliance Period beneficial interests in any Regulation S Global Covered Bond may be held only by or through agent members of Euroclear and Clearstream, Luxembourg. Title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement.
- (b) Registered Covered Bonds represented by the Registered Global Covered Bonds shall be exchangeable and transferable only in accordance with, and subject to, the provisions of the Registered Global Covered Bonds and the Agency Agreement and the rules and operating procedures for the time being of Euroclear and Clearstream, Luxembourg.
- (c) Each Registered Global Covered Bond shall be printed or typed in the form or substantially in the form set out in Part 7 of Schedule 2 (*Forms of Registered Global Covered Bond*) and may be a facsimile. Each Registered Global Covered Bond shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised of the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Registrar. Each Registered Global Covered Bond so executed and authenticated shall be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect thereof shall be binding and valid obligations of the LLP.

3.3 Bearer Definitive Covered Bonds and Registered Definitive Covered Bonds

- (a) The Bearer Definitive Covered Bonds, Receipts, Coupons and Talons shall be issued in the respective forms or substantially in the respective forms set out in Part 3 (*Form of Bearer Definitive Covered Bond*), Part 4 (*Form of Receipt*), Part 5 (*Form of Coupon*) and Part 6 (*Form of Talon*) of Schedule 2. The Bearer Definitive Covered Bonds, Receipts, Coupons and Talons shall be serially numbered and, if listed or quoted, shall be security printed in accordance with the requirements (if any) from time to time of the relevant Stock Exchange (if any). The relevant Conditions may be incorporated by reference into such Bearer Definitive Covered Bonds or, if not so permitted by the relevant Stock Exchange (if any), the Bearer Definitive Covered Bonds shall be endorsed with or have attached thereto the relevant Conditions and, in either such case, the Bearer Definitive Covered Bonds shall have endorsed thereon or attached thereto a copy of the applicable Final Terms (or the relevant provisions thereof). Title to the Bearer Definitive Covered Bonds, Receipts, Coupons and Talons shall pass by delivery.
- (b) Except with respect to N Covered Bonds, which shall be issued in accordance with Clause 3.4 (*N Covered Bonds*), the Registered Definitive Covered Bonds shall be in registered form and shall be issued in the form or substantially in the form set out in Part 8 of Schedule 2 (*Form of Registered Definitive Covered Bond*), shall be serially numbered and a Form of Transfer and, if listed or quoted, shall be security printed in accordance with the requirements (if any) from time to time of the relevant Stock Exchange (if any). The relevant Conditions may be incorporated by reference (where applicable to the trust presents) into such Registered Definitive Covered Bonds, or, if not so permitted by the

relevant Stock Exchange (if any), the Registered Definitive Covered Bonds shall be endorsed with or have attached thereto the relevant Conditions and, in either such case, the Registered Definitive Covered Bonds shall have endorsed thereon or attached thereto a copy of the applicable Final Terms (or the relevant provisions thereof). Title to the Registered Definitive Covered Bonds shall pass upon the registration of transfers in the Register kept by the Registrar in respect thereof in accordance with the provisions of the relevant Agency Agreement and the trust presents.

- (c) The Definitive Covered Bonds (including, for the avoidance of doubt, N Covered Bonds) shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Principal Paying Agent (in the case of the Bearer Definitive Covered Bonds) or the Registrar (in the case of Registered Definitive Covered Bonds). The Definitive Covered Bonds so executed and authenticated, and Receipts, Coupons and Talons, upon execution and authentication of the relevant Bearer Definitive Covered Bonds, shall be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect thereof shall be binding and valid obligations of the LLP. The Receipts, Coupons and Talons shall not be signed. No Definitive Covered Bond and none of the Receipts, Coupons or Talons appertaining to a Bearer Definitive Covered Bond shall be binding or valid until the relevant Definitive Covered Bond shall have been executed and authenticated as aforesaid.

3.4 N Covered Bonds

- (a) N Covered Bonds shall be issued substantially in the form set out in Schedule 6 to this Trust Deed, in the name of the relevant N Covered Bondholder and with the applicable N Covered Bond Conditions annexed as Schedule 1 and the form of the N Covered Bond Assignment Agreement annexed as Schedule 2 thereto. Each issuance of N Covered Bonds shall take the form of a Series of Covered Bonds and shall be issued separately to each N Covered Bondholder and not by way of uniform issue subdivided into identical N Covered Bonds. In respect of each N Covered Bond, a N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) relating to such N Covered Bond substantially in the form set out in Schedule 6 to this Trust Deed shall be prepared, executed and delivered by each of the parties thereto. Each N Covered Bond and each N Covered Bond Confirmation relating thereto, in the case of the N Covered Bonds executed and authenticated in accordance with Clause 3.3(c), shall constitute the binding and valid obligation of the Issuer and the Covered Bond Guarantee in respect thereof shall be a binding and valid obligation of the LLP.
- (b) Each N Covered Bond shall only be transferable, in accordance with the N Covered Bond Conditions, by way of assignment and surrender of the certificate representing the N Covered Bond to the Registrar together with delivery to the Registrar of a duly completed N Covered Bond Assignment Agreement executed by the transferor and the transferee relating to such N Covered Bond, in which the relevant transferee agrees to be bound by the terms of the original N Covered Bond Confirmation in relation to that N Covered Bond. Subject to the foregoing, the claims and rights under the N Covered Bond will pass upon the entry of the new N Covered Bondholder in the Register.

3.5 Facsimile signatures

The Issuer may use the facsimile signature of any person who at the date such signature is affixed to a Covered Bond is duly authorised by the Issuer notwithstanding that at the time of issue of any of the Covered Bonds he may have ceased for any reason to be the holder of such office or be so authorised.

3.6 Persons to be treated as Covered Bondholders

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the other Paying Agents, the Registrar and the Transfer Agents (notwithstanding any notice to the contrary and whether or not it is overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) may:

- (a) for the purpose of making payment thereon or on account thereof, deem and treat the bearer of any Bearer Global Covered Bond, Bearer Definitive Covered Bond, Receipt, Coupon or Talon and the registered holder of any Registered Covered Bond or any Registered Definitive Covered Bond (and/or, for the avoidance of doubt, any N Covered Bond)

as the absolute owner thereof and of all rights thereunder free from all encumbrances, and shall not be required to obtain proof of such ownership or as to the identity of the bearer or, as the case may be, registered holder; and

- (b) for all other purposes deem and treat:
 - (i) the bearer of any Bearer Definitive Covered Bond, Receipt, Coupon or Talon and the registered holder of any Registered Covered Bond or any Registered Definitive Covered Bond (and/or, for the avoidance of doubt, any N Covered Bond); and
 - (ii) each person for the time being shown in the records of Euroclear or Clearstream, Luxembourg or such other additional or alternative clearing system approved by the Issuer, the Bond Trustee and the Principal Paying Agent, as having a particular nominal amount of Covered Bonds credited to his securities account,

as the absolute owner thereof free from all encumbrances and shall not be required to obtain either (a) proof of such ownership, other than, in the case of any person for the time being so shown in such records, a certificate or letter of confirmation signed on behalf of Euroclear, Clearstream, Luxembourg or any other form of record (including any certificate or other document which may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg'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 together with the amount of such holding) made by any of them or (b) proof of the identity of the bearer of any Bearer Global Covered Bond, Bearer Definitive Covered Bond, Receipt, Coupon or Talon or the registered holder of any Registered Global Covered Bond or Registered Definitive Covered Bond.

3.7 Certificates of Euroclear and Clearstream, Luxembourg

Without prejudice to the provisions of Clause 17(ee) (*Supplement to Trustee Acts*), the Issuer, the LLP and the Bond Trustee may call for and, except in the case of manifest error, shall be at liberty to accept and place full reliance on as sufficient evidence thereof a certificate or letter of confirmation issued on behalf of Euroclear or Clearstream, Luxembourg or any form of record (including any certificate or other document which may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg'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 together with the amount of such holding) made by any of them or such other form of evidence and/or information and/or certification as it shall, in its absolute discretion, think fit to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as the holder of a particular nominal amount of Covered Bonds represented by a Global Covered Bond and,

if it does so rely, such letter of confirmation, form of record, evidence, information or certification shall be conclusive and binding on all concerned.

4. STAMP DUTIES AND TAXES

4.1 Stamp Duties

The Issuer shall pay:

- (a) any United Kingdom stamp and other duties or taxes (if any) on or in connection with the execution of these presents;
- (b) United Kingdom, Belgian and Luxembourg stamp and other duties or taxes (if any) payable on or in connection with the constitution and original issue of any Covered Bond and the Definitive Covered Bonds and the Receipts and the Coupons; and
- (c) stamp and other duties or taxes (if any) payable in the United Kingdom (but not elsewhere) solely by virtue of and in connection with any action properly taken by the Bond Trustee (or any Covered Bondholder, Couponholder, Receiptholder or holder of Talons where permitted to do so under these trust presents) to enforce the provisions of the Covered Bonds, Receipts, Coupons, Talons or these presents,

save that the Issuer shall not be liable to pay any such stamp or other duties or taxes to the extent that the obligation arises or the amount payable is increased by reason of the holder at the relevant time unreasonably delaying in producing any relevant document for stamping or similar process. Subject as aforesaid, the Issuer will not be otherwise responsible for stamp or other duties or taxes otherwise imposed and in particular (but without prejudice to the generality of the foregoing) for any penalties arising on account of late payment where due by the holder at the relevant time. Any such stamp or other duties or taxes that might be imposed upon or in respect of Covered Bonds in global or definitive form or the Receipts, Coupons or Talons (in each case other than as aforesaid) shall be the liability of the relevant holders thereof.

4.2 Compliance

- (a) For the purpose of these presents, delivery of Definitive Covered Bonds in exchange for any Global Covered Bond shall be deemed to be properly withheld if it is withheld (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such delivery and exchange, the Issuer or the holder of such Global Covered Bond or any person having or claiming to have any interest therein and being the subject of any such law, regulation or order or (ii) (subject as provided below) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given by independent legal advisers acceptable to the Bond Trustee.
- (b) In circumstances where Clause 4.2(a) (*Compliance*) above has been applied, the Bond Trustee may at any time and from time to time by notice in writing to the Issuer require the Issuer to take such action (including but not limited to proceedings for a declaration by a relevant court) as the Bond Trustee in its absolute discretion considers appropriate to resolve the doubt, in which event the Issuer shall forthwith take and expeditiously proceed with such action and shall be bound by any final resolution of the doubt resulting therefrom which resolution it shall promptly notify to the Bond Trustee in writing. If such resolution determines that the relevant delivery and exchange can be made without infringing any applicable law, regulation or order then Clause 4.2(a) (*Compliance*) shall forthwith cease to apply and such delivery and exchange shall be made by the Issuer forthwith. If so required

by the Bond Trustee the Issuer shall, as promptly as practicable after such resolution, give a notice with regard thereto in accordance with Condition 13 (*Notices*) of the Programme Conditions or, in the case of an N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable) in a form previously approved by the Bond Trustee.

5. COVENANT OF COMPLIANCE

Each of the Issuer and the LLP covenants with the Bond Trustee and the Security Trustee that it will comply with and perform and observe all the provisions of the trust presents and the Deed of Charge and the other Transaction Documents to which it is a party which are expressed to be binding on it. The Conditions shall be binding on the Issuer, the LLP, the Covered Bondholders, the Receiptholders and the Couponholders. The Bond Trustee shall be entitled to enforce the obligations of the Issuer and the LLP under the Covered Bonds, the Receipts, the Coupons and the Conditions in the manner therein provided as if the same were set out and contained in this Trust Deed, which shall be read and construed as one document with the Covered Bonds, the Receipts and the Coupons. The Bond Trustee shall hold the benefit of this covenant upon trust for itself and the Covered Bondholders, the Receiptholders and the Couponholders according to its and their respective interests.

6. CANCELLATION OF COVERED BONDS AND RECORDS

6.1 The Issuer shall procure that (a) all Covered Bonds issued by it and which (i) are redeemed or (ii) are purchased by or on behalf of the Issuer or any of its subsidiaries (including the LLP) or any holding company of the Issuer or any other subsidiary of any such holding company and surrendered for cancellation (although, for the avoidance of doubt, the Issuer shall not be obliged to surrender the Covered Bonds purchased by it for cancellation), or (iii) being mutilated or defaced, have been surrendered and replaced pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions), or (iv) are exchanged as provided in the trust presents (together, in the case of Bearer Definitive Covered Bonds, with all unmaturing Receipts and Coupons attached thereto or delivered therewith); (b) in the case of Bearer Definitive Covered Bonds, all relative Receipts and Coupons which have been paid in accordance with the relevant Conditions or which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions) and (c) all Talons which have been exchanged for further Coupons or Receipts, shall forthwith be cancelled by or on behalf of the Issuer and a certificate signed by one director or two authorised signatories of the Issuer stating:

- (a) the aggregate principal amount of Covered Bonds which have been redeemed and the amounts paid in respect thereof and the aggregate amounts which have been paid in respect of Receipts and Coupons;
- (b) the serial numbers of such Covered Bonds in definitive form distinguishing between Bearer Covered Bonds and Registered Covered Bonds;
- (c) the total numbers (where applicable, of each denomination) by maturity date of such Receipts and Coupons;
- (d) the aggregate amount of interest paid (and the due dates of such payments) on Global Covered Bonds;
- (e) the aggregate nominal amount of Covered Bonds (if any) which have been purchased by or on behalf of the Issuer, or any of its Subsidiaries (including the LLP) and cancelled and the serial numbers of such Covered Bonds in definitive form and, in the case of Bearer

Definitive Covered Bonds, the total number (where applicable, of each denomination) by maturity date of the Receipts, Coupons and Talons attached thereto or surrendered therewith;

- (f) the aggregate nominal amounts of Covered Bonds and Receipts and the aggregate amounts in respect of Coupons which have been so exchanged or surrendered and replaced and the serial numbers of such Covered Bonds in definitive form and the total number (where applicable, of each denomination) by maturity date of such Coupons and Receipts;
- (g) the total number (where applicable, of each denomination) by maturity date of the unmatured Coupons missing from Bearer Definitive Covered Bonds bearing interest at a fixed rate which have been redeemed or exchanged or surrendered and replaced and the serial numbers of the Bearer Definitive Covered Bonds to which such missing unmatured Coupons appertained; and
- (h) the total number (where applicable, of each denomination) by maturity date of Talons which have been exchanged for further Coupons or Receipts,

shall be given to the Bond Trustee by or on behalf of the Issuer as soon as possible and in any event within four (4) months after the date of such redemption, purchase, payment, exchange or replacement (as the case may be). The Bond Trustee may accept such certificate as conclusive evidence of redemption, purchase or replacement *pro tanto* of the Covered Bonds, Coupons or Receipts (if any), payment of principal or interest (as the case may be) thereon or exchange of the relative Talons respectively and of cancellation of the relative Covered Bonds, Receipts and Coupons.

- 6.2 Subject to the paragraph below, the Issuer shall procure that (i) the Principal Paying Agent shall keep a full and complete record of all Covered Bonds, Receipts, Coupons and Talons issued by it and of their redemption or purchase by or on behalf of the Issuer or any of its Subsidiaries (including the LLP), any cancellation or any payment or exchange (as the case may be) of such Covered Bonds, Receipts, Coupons and Talons and all replacement covered bonds, receipts, coupons or talons issued in substitution for lost, stolen, mutilated, defaced or destroyed Covered Bonds, Receipts, Coupons or Talons; (ii) the Principal Paying Agent shall in respect of the Coupons of each maturity retain (in the case of Coupons other than Talons) until the expiry of six (6) years from the Relevant Date in respect of such Coupons and (in the case of Talons) indefinitely either all paid or exchanged Coupons of that maturity or a list of the serial numbers of Coupons of that maturity still remaining unpaid or unexchanged and (iii) such records and copies thereof shall be made available to the Bond Trustee at all reasonable times during normal business hours.

Notwithstanding the foregoing, the Issuer shall not be required to procure the keeping of a record of serial numbers and maturity dates of Receipts and Coupons except as regards unmatured Coupons not attached to or surrendered with Bearer Definitive Covered Bonds presented for redemption or purchased and presented for cancellation, matured Coupons that remain unpaid, Receipts and Coupons in place of which replacement Receipts and Coupons have been issued and replacement Receipts and Coupons.

7. COVERED BOND GUARANTEE

- 7.1 (a) In consideration of the Term Advances to be made by the Issuer to the LLP pursuant to the Intercompany Loan Agreement and the payment of any Excess Proceeds to the LLP pursuant to Clause 11.2 (*Application of Moneys*), the LLP, as principal obligor unconditionally and irrevocably guarantees to the Bond Trustee, for the benefit of the Covered Bondholders, the prompt performance by the Issuer of its obligations to pay Guaranteed Amounts as and when the same become Due for Payment.

- (b) The LLP shall, as principal obligor:
- (i) following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer and the service of a Notice to Pay on the LLP:
 - (A) subject to Clause 7.1(b)(i)(B), pay or procure to be paid (in the manner described in Clause 8.1 (*Payments under the Covered Bond Guarantee*)) to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders), an amount equal to those Guaranteed Amounts or that portion of the Guaranteed Amounts which shall have become Due for Payment in accordance with the terms of these trust presents (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts), but which have not been paid or, as the case may be, delivered by the Issuer to the relevant Covered Bondholders, Receiptholders and/or Couponholders on any Original Due for Payment Date or, if applicable, the Extended Due for Payment Date; and
 - (B) where payment of the unpaid portion of the Final Redemption Amount by the LLP under the Covered Bond Guarantee has been deferred (pursuant to the second paragraph of Condition 6.1 (*Final redemption*) of the Programme Conditions or, in the case of an N Covered Bond, pursuant to the relevant N Covered Bond Conditions (if applicable)) until the Extended Due for Payment Date, make payment or delivery in respect of such unpaid portion (in the manner described in Clause 8.1 (*Payments under the Covered Bond Guarantee*)), to the extent it has sufficient moneys available to it under the Guarantee Priority of Payments on any Original Due for Payment Date after the date of such deferral up to (and including) the relevant Extended Due for Payment Date (the obligation of the LLP to pay any amounts in respect of the balance of the Final Redemption Amount not so paid on any such Original Due for Payment Date shall be further deferred as described in Condition 6.1 (*Final redemption*) of the Programme Conditions or, in the case of an N Covered Bond, as described in the relevant N Covered Bond Conditions (if applicable) and such failure to pay by the LLP shall not constitute an LLP Event of Default); and
 - (ii) following the occurrence of an LLP Event of Default and the service by the Bond Trustee of an LLP Acceleration Notice on the Issuer and the LLP, in respect of the Covered Bonds of each outstanding Series, pay or procure to be paid to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders) in the manner described in Clause 8.1 (*Payments under the Covered Bond Guarantee*), the Guaranteed Amount in respect of each Covered Bond corresponding to the Early Redemption Amount for that Covered Bond plus (to the extent not included in the Early Redemption Amount) all accrued and unpaid interest and all other amounts payable (or which would have been payable but for any variation, release or discharge of the Covered Bonds) in respect of that Covered Bond as referred to in the definition of Guaranteed Amount.

7.2 In relation to the Covered Bonds of each Series, the Covered Bond Guarantee:

- (a) is a continuing guarantee;
- (b) extends to the ultimate balance of all Guaranteed Amounts due to be paid or which would have been due to be paid by the Issuer on the relevant Original Due for Payment Dates or Extended Due for Payment Date (as applicable) in accordance with the terms of these trust presents, the Covered Bonds, the Receipts or the Coupons (or which would have been due to be paid but for any variation, release or discharge of the Guaranteed Amounts), regardless of

any intermediate payment or discharge in whole or in part of any Guaranteed Amounts due to be paid on the relevant Scheduled Payment Date;

- (c) shall not be discharged except by complete performance of the obligations in the trust presents;
- (d) is additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person (whether from the LLP or otherwise); and
- (e) shall remain in force until all moneys payable by the LLP pursuant to the terms of the Covered Bond Guarantee shall have been paid.

7.3 The LLP hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the Covered Bonds, Receipts or Coupons or the indebtedness evidenced thereby and all demands whatsoever and hereby covenants that its Covered Bond Guarantee shall be a continuing guarantee, which shall not be discharged except by complete performance of the obligations contained in the trust presents in relation to the Covered Bonds, Receipts and Coupons PROVIDED THAT

- (a) except in the case of Excess Proceeds, every payment of principal or interest in respect of the Covered Bonds, Receipts and/or Coupons made to the Principal Paying Agent in the manner provided in the Agency Agreement shall be in satisfaction *pro tanto* of the liability of the Issuer and the LLP under the trust presents and shall be deemed for the purpose of this Clause 7.3 (*Covered Bond Guarantee*) to have been paid or delivered to the order of the Bond Trustee, except to the extent that the subsequent payment or delivery thereof to the Covered Bondholders, the Receiptholders or the Couponholders in accordance with the Conditions is not made; and
- (b) every payment of Excess Proceeds in accordance with Condition 9.1 (*Issuer Events of Default*) and Clause 11.2 (*Application of Moneys*) to or to the order of the Bond Trustee shall be in satisfaction (for the benefit of the Issuer only and not the LLP) *pro tanto* of the relative covenant by the Issuer contained in Clause 2 (*Amount and Issue of the Covered Bonds*) in respect of the Excess Proceeds which are due and payable in relation to the Covered Bonds, Receipts and Coupons of such Series (but, as provided in Clause 11.2 (*Application of Moneys*), shall not do so for the purposes of the subrogation rights of the LLP contemplated by Clause 7.7 (*Covered Bond Guarantee*) and shall not reduce or discharge any obligations of the LLP).

7.4 If any discharge (whether in respect of the obligations of the LLP or any security for those obligations or otherwise) or arrangement is made in whole or in part on the faith of any payment, security or other disposition received by the Bond Trustee, the Principal Paying Agent or any Covered Bondholder, Receiptholder or Couponholder (as the case may be) which is avoided or set aside in whole or in part under any laws relating to the bankruptcy, sequestration, liquidation, insolvency, administration, corporate reorganisation of the Issuer or other such similar event of the Issuer, the liability of the LLP and the Covered Bond Guarantee shall continue or be reinstated as if the discharge or arrangement had not occurred and the Issuer and the LLP shall indemnify the Bond Trustee and the Covered Bondholders, Receiptholders and/or Couponholders (as the case may be) in respect thereof PROVIDED THAT the obligations of the LLP under this sub-clause 7.4 shall, as regards each payment made to the Bond Trustee or any Covered Bondholder, Receiptholder or Couponholder which is avoided or set aside, be contingent upon such payment or delivery being first reimbursed to the Issuer or other persons entitled through the Issuer.

- 7.5 Without prejudice to the generality of the foregoing provisions of this Clause 7, the LLP agrees that its obligations under the trust presents shall be as if it were principal debtor and not merely as surety or guarantor and shall be absolute and (following the service of a Notice to Pay on the LLP (which the Bond Trustee will be required to serve following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice) or, if earlier, following the occurrence of an LLP Event of Default and the service of an LLP Acceleration Notice) unconditional and that the LLP shall be fully liable irrespective of the validity, regularity, legality or enforceability against the Issuer of, or of any defence or counter-claim whatsoever available to the Issuer in relation to, its obligations under the trust presents or any other Transaction Document, whether or not any action has been taken to enforce the same or any judgment obtained against the Issuer, whether or not any of the other provisions of the trust presents or any of the Transaction Documents have been modified, whether or not any time, indulgence, waiver, authorisation or consent has been granted to the Issuer by or on behalf of the Covered Bondholders or the Receiptholders or Couponholders or the Bond Trustee, whether or not any determination has been made by the Bond Trustee pursuant to Clause 20.1 (*Waiver and Authorisation*), whether or not there have been any dealings or transactions between the Issuer, any of the Covered Bondholders, Receiptholders or Couponholders or the Bond Trustee, whether or not the Issuer has been dissolved, liquidated, merged, consolidated, bankrupted or has changed its status, functions, control or ownership, whether or not the Issuer has been prevented from making payment by foreign exchange provisions applicable at its place of registration or incorporation and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defence to a guarantor. Accordingly, the validity of the Covered Bond Guarantee shall not be affected by any invalidity, irregularity or unenforceability of all or any of the obligations of the Issuer under the trust presents or any other Transaction Document and the Covered Bond Guarantee shall not be discharged nor shall the liability of the LLP under the trust presents be affected by any act, thing or omission or means whatsoever whereby its liability would not have been discharged if it had been the principal debtor.
- 7.6 Subject to its obligation under the Covered Bond Guarantee to deliver a Notice to Pay on the LLP (which the Bond Trustee shall be required to deliver following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice), the Bond Trustee may determine from time to time whether it will enforce the Covered Bond Guarantee which it is entitled to enforce which it may do without making any demand of or taking any proceedings against the Issuer (as appropriate) and may from time to time make any arrangement or compromise with the LLP in relation to its Covered Bond Guarantee which the Bond Trustee may consider expedient in the interests of the Covered Bondholders, Receiptholders or Couponholders.
- 7.7 If any moneys shall become payable by the LLP under the Covered Bond Guarantee, the LLP shall not, so long as the same remain unpaid, without the prior written consent of the Bond Trustee:
- (i) in respect of any amounts paid by it under the Covered Bond Guarantee, exercise any rights of subrogation against the Issuer or any other right or remedy which may accrue to it in respect of or as a result of any such payment or delivery; or
 - (ii) in respect of any other moneys for the time being due to the LLP by the Issuer, claim payment thereof or exercise any other right or remedy,

including in either case claiming the benefit of any payment, distribution or security from or on account of the Issuer or to claim or exercise a right of set-off against the Issuer or, on the liquidation of the Issuer, proving in competition with the Bond Trustee subject always to the rights of the LLP to set-off amounts owing by the Issuer to the LLP in respect of amounts paid by the LLP under the Covered Bond Guarantee against any amounts repayable by the LLP under the terms of the Intercompany Loan Agreement, which shall remain unaffected.

If notwithstanding the foregoing, upon the bankruptcy, insolvency, administration or liquidation of the Issuer, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the LLP or if the LLP is able to exercise any set-off rights against the Issuer before payment in full in respect of all principal of, and interest on, the Covered Bonds, Receipts and Coupons shall have been made to the Covered Bondholders, the Receiptholders and the Couponholders, such payment or distribution and/or an amount equal to the amount so set off shall be held by the LLP on trust to pay the same over immediately to the Bond Trustee for application in or towards the payment of all sums due and remaining unpaid under the trust presents in accordance with Clause 11 (*Application of Moneys*) on the basis that Clause 11 (*Application of Moneys*) does not apply separately and independently to each Series of the Covered Bonds.

7.8 The liability of the LLP under the Covered Bond Guarantee shall not be lessened, affected, impaired or discharged by:

- (a) any time, waiver or indulgence granted to the Issuer by the Bond Trustee, any of the Covered Bondholders, the Receiptholders or Couponholders;
- (b) any dealings or transactions between the Issuer and the Bond Trustee, any of the Covered Bondholders, Receiptholders or Couponholders whether or not the LLP shall be a party to or cognisant of the same;
- (c) the dissolution of the Issuer or any change in the status, functions, control or ownership of the Issuer or any consolidation, merger, conveyance or transfer by the Issuer;
- (d) any composition between the Issuer and its creditors;
- (e) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Issuer or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (f) any incapacity or lack of powers, authority or legal personality of the Issuer or any other person;
- (g) any variation (however fundamental) or replacement of the trust presents, the Covered Bonds, the Receipts or the Coupons; or
- (h) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of the Issuer under the trust presents or any other Transaction Document resulting from any insolvency, liquidation, administration or dissolution proceedings or from any law, regulation or order,

so that each such obligation shall for the purposes of the LLP's obligations under the Covered Bond Guarantee be construed as if there were no such circumstance.

7.9 Any amounts from time to time received by the Bond Trustee under the Covered Bond Guarantee shall be applied by the Bond Trustee in accordance with the provisions of Clause 11.1 (*Application of Moneys*) PROVIDED THAT any Excess Proceeds received by the Bond Trustee shall be applied by the Bond Trustee in accordance with the provisions of Clause 11.2 (*Application of Moneys*).

8. PAYMENTS UNDER THE COVERED BOND GUARANTEE

- 8.1 (a) Following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer pursuant to Condition 9.1 (*Issuer Events of Default*) of the Programme Conditions the Bond Trustee shall promptly deliver a Notice to Pay to the Issuer and the LLP with a copy to the Principal Paying Agent requiring the LLP to pay the Guaranteed Amounts as and when the same are Due for Payment in accordance with the terms of the Covered Bond Guarantee and the trust presents.
- (b) Following the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer and the service by the Bond Trustee of a Notice to Pay on the LLP but prior to an LLP Event of Default and service by the Bond Trustee of an LLP Acceleration Notice, payment by the LLP of the Guaranteed Amounts pursuant to the Covered Bond Guarantee shall be made in accordance with the Guarantee Priority of Payments set out in clause 17.4 (*Allocation and Distribution of Moneys Following Service of a Notice to Pay*) of the LLP Deed by 10.00 a.m. (local time in the relevant financial centre of the payment or, in the case of a payment in euro, London time) on the Due for Payment Date. Where the LLP is required to make a payment of a Guaranteed Amount in respect of a Final Redemption Amount payable on the Final Maturity Date of the Covered Bond, to the extent that the LLP has insufficient moneys available after payment or delivery of higher ranking amounts and taking into account amounts ranking *pari passu* therewith in the Guarantee Priority of Payments to pay such Guaranteed Amounts, it shall make partial payment of such Guaranteed Amounts in accordance with the Guarantee Priority of Payments.
- (c) Following the occurrence of an LLP Event of Default and service by the Bond Trustee of an LLP Acceleration Notice, all amounts payable by the LLP under Clause 7 (*Covered Bond Guarantee*) shall thereupon become due and payable and thereafter the Security shall become enforceable. All moneys received or recovered by the Security Trustee or any Receiver (other than any Tax Credit, Third Party Amount or Swap Collateral Excluded Amount which will be paid in accordance with the relevant provisions of the Deed of Charge) will be applied, following enforcement of the Security, in accordance with the Post-Enforcement Priority of Payments.
- 8.2 The Bond Trustee shall direct the LLP to pay (or to procure the payment of) all sums payable under the Covered Bond Guarantee to the Principal Paying Agent subject always to the provisions of Clause 2.4(B) (*Bond Trustee's requirements regarding Paying Agents after a default etc*). For the avoidance of doubt, any discharge of the Issuer as a 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.
- 8.3 At least two Business Days before the date on which the LLP is obliged to make a payment under the Covered Bond Guarantee, it shall notify or procure the notification of the Principal Paying Agent of the irrevocable instructions to the relevant Account Banks through which payment to the Principal Paying Agent is to be made.
- 8.4 All payments of Guaranteed Amounts by or on behalf of the LLP shall be made without withholding or deduction for, or on account of, any present or future tax, duties or other charges of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any authorities therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, the LLP shall 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 shall 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.

8.5 The Issuer shall not be discharged from its obligations under the Covered Bonds, Receipts or Coupons and the trust presents by any payment made by the LLP under the Covered Bond Guarantee PROVIDED THAT this Clause 8.5 (*Payments under the Covered Bond Guarantee*) shall operate only for the purpose of the subrogation rights of the LLP contemplated by Clause 7.7 (*Covered Bond Guarantee*).

9. NON-PAYMENT

Proof that as regards any specified Covered Bond, Receipt or Coupon the Issuer or, as the case may be, the LLP has made default in paying any amount due in respect of such Covered Bond, Receipt or Coupon shall (unless the contrary be proved) be sufficient evidence that the same default has been made as regards all other Covered Bonds, Receipts or Coupons (as the case may be) in respect of which the relevant amount is due and payable.

10. PROCEEDINGS, ACTION AND INDEMNIFICATION

10.1 Save as provided in Clause 10.2 (*Proceedings, Action and Indemnification*), the Bond Trustee may at any time, at its discretion and without notice, take such proceedings, action and/or other step as it may think fit against, or in relation to, the Issuer, the LLP or any other person to enforce the provisions of the trust presents, the Covered Bonds, the Receipts or the Coupons or any other Transaction Document to which the Bond Trustee is a party.

10.2 The Bond Trustee may at any time, after the service of an Issuer Acceleration Notice or an LLP Acceleration Notice (in the case of the Issuer) or a Notice to Pay or an LLP Acceleration Notice (in the case of the LLP), at its discretion and without further notice, take such proceedings, action and/or step as it may think fit against or in relation to the Issuer or the LLP to enforce the provisions of the trust presents.

10.3 The Bond Trustee shall not be bound to take any such enforcement proceedings, action and/or step in relation to the Trust Deed, the Covered Bonds, the Receipts, the Coupons or any other Transaction Document (as referred to in Clause 10.2 (*Proceedings, Action and Indemnification*)) or give any notice pursuant to Conditions 9.1 (*Issuer Events of Default*) or 9.2 (*LLP Events of Default*) of the Programme Conditions unless (i) directed to do so by an Extraordinary Resolution (with the Covered Bonds of all Series taken together as a single Series) or (ii) requested to do so in writing by the holders (subject to Clause 3.6 (*Persons to be treated as Covered Bondholders*)) of in the aggregate at least one-fifth of the Principal Amount Outstanding of the Covered Bonds then outstanding (with the Covered Bonds of all Series taken together as a single Series as aforesaid and, where not denominated in Sterling, converted into Sterling in accordance with Condition 9.1 (*Issuer Events of Default*) of the Programme Conditions) and in either case then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

10.4 Subject as provided above, the Bond Trustee shall not be bound to take any other action under the trust presents or any other Transaction Document unless (i) directed to do so by an Extraordinary Resolution of the Covered Bondholders of the relevant one or more Series (as determined in accordance with the provisions of paragraph 22(a) of Schedule 4) or (ii) requested to do so in writing by the holders of in the aggregate at least one-fifth of the Principal Amount Outstanding of the Covered Bonds of the relevant one or more Series (as determined in accordance with the provisions of Clause 10.6) and in either case then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

10.5 Only the Bond Trustee may enforce the provisions of the trust presents or the other Transaction Documents to which it is a party. No Covered Bondholder, Receiptholder or Couponholder shall be

entitled to proceed directly against the Issuer, the LLP or any other person to enforce the performance of any of the provisions of the trust presents or to directly enforce the provisions of the Deed of Charge or any other Transaction Document unless the Bond Trustee or the Security Trustee having become bound as aforesaid or, as the case may be, pursuant to the Deed of Charge to take proceedings fails to do so within a reasonable period and such failure is continuing (in which case each of such Covered Bondholder, Receiptholder or Couponholder shall be entitled to take any such steps and proceedings as it shall deem necessary other than the presentation of a petition for the winding up of, or for an administration order in respect of, the Issuer or the LLP).

10.6 For the purpose of any request in writing referred to in Clauses 10.4, 20.1(b) (*Waiver and Authorisation*) and 20.2(a) (*Modification*):

- (a) in relation to a matter which in the opinion of the Bond Trustee affects the interests of the holders of the Covered Bonds of only one Series, a request in writing by the holders of in the aggregate at least one-fifth of the Principal Amount Outstanding of the Covered Bonds of that Series shall be required;
- (b) in relation to a matter which in the opinion of the Bond Trustee affects the interests of the holders of Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected, a request in writing by the holders of in the aggregate at least one-fifth of the Principal Amount Outstanding of the Covered Bonds of all the Series so affected shall be required; and
- (c) in relation to a matter which in the opinion of the Bond Trustee affects the interests of the holders of the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected, separate requests in writing by the holders of in the aggregate at least one-fifth of the Principal Amount Outstanding of the Covered Bonds of each Series or group of Series so affected shall be required.

In the case of a direction from the holders of Covered Bonds denominated in more than one currency, the provisions of paragraph 22(b) of Schedule 4 shall apply.

11. APPLICATION OF MONEYS

11.1 Subject to the Priorities of Payments, all moneys (other than Excess Proceeds which shall be applied in the manner set out in Clause 11.2 (*Application of Moneys*) below) received by the Bond Trustee under the trust presents from the Issuer or the LLP or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration or other similar official appointed in relation to the Issuer or the LLP (including any moneys which represent principal or interest in respect of Covered Bonds, Receipts or Coupons which have become void or in respect of which claims have become prescribed under Condition 8 (*Prescription*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions and including the proceeds of any enforcement of the Security) shall, unless and to the extent attributable, in the opinion of the Bond Trustee, to a particular Series of the Covered Bonds, be apportioned *pari passu* and rateably between each Series of the Covered Bonds, and all moneys received by the Bond Trustee under the trust presents from the Issuer or the LLP to the extent attributable in the opinion of the Bond Trustee to a particular Series of the Covered Bonds or which are apportioned to such Series as aforesaid, be held by the Bond Trustee upon trust to apply them (subject to Clause 13 (*Investment by Bond Trustee*)):

FIRST (except in relation to any such moneys received by the Bond Trustee following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice and a Notice to Pay) in payment or satisfaction of all amounts then due and

unpaid under Clause 16 (*Remuneration and Indemnification of Bond Trustee*) to the Bond Trustee and/or any Appointee;

SECONDLY in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Covered Bonds of that Series;

THIRDLY in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Covered Bonds of each other Series; and

FOURTHLY in payment of the balance (if any) to the Issuer (to the extent received from the Issuer) or the LLP (if received from the LLP).

Without prejudice to this Clause 11.1 (*Application of Moneys*), if the Bond Trustee holds any moneys (other than Excess Proceeds) which represent principal or interest in respect of Covered Bonds which have become void or in respect of which claims have been prescribed under Condition 8 (*Prescription*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions, the Bond Trustee shall (subject to no sums being then overdue to the Bond Trustee or to the Covered Bondholders, Receiptholders or Couponholders in respect of any other Covered Bonds, Receipts or Coupons which have been presented for payment and to paying or providing for the payment or satisfaction of the said costs, charges, expenses and liabilities, including the remuneration of the Bond Trustee) shall pay such monies to the Issuer (to the extent received from the Issuer) or the LLP (to the extent received from the LLP).

- 11.2 (a) Following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice, any Excess Proceeds received by the Bond Trustee shall be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the LLP for its own account, as soon as practicable, and shall be held by the LLP in the Transaction Accounts and the Excess Proceeds shall thereafter form part of the Security and shall be used by the LLP in the same manner as all other moneys from time to time standing to the credit of the Transaction Accounts pursuant to the Deed of Charge, the LLP Deed and any other relevant Transaction Document. 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) (but shall be deemed not to have done so for the purposes of subrogation rights of the LLP contemplated by Clause 7.7 (*Covered Bond Guarantee*)). However, the obligations of the LLP under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following the 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.
- (b) By subscribing for Covered Bond(s), each Covered Bondholder shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the LLP in the manner as described above.
- (c) For the avoidance of doubt, any payments by the LLP to the Covered Bondholders out of the Excess Proceeds, shall reduce the Guaranteed Amounts *pro tanto*.

12. NOTICE OF PAYMENTS

The Bond Trustee shall give notice to the relevant Covered Bondholders in accordance with Condition 13 (*Notices*) of the Programme Conditions or, in the case of an N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable) of the day fixed for any payment to them under Clause 11.1 (*Application of Moneys*). Such payment or delivery may be made in accordance with Condition 5 (*Payments*) of the Programme Conditions or, in the case of an

N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable) and any payment or delivery so made shall be a good discharge to the Bond Trustee.

13. INVESTMENT BY BOND TRUSTEE

- 13.1 Except in relation to any Excess Proceeds, the Bond Trustee may at its absolute discretion and pending payment as provided for in the trust presents, invest moneys at any time available for the payment of principal and interest on the Covered Bonds of any Series, to the extent that it is permitted to do so under the FSMA, in some or one of the Authorised Investments (but as if references to the words "and mature on or before the next following LLP Payment Date" in the definition in respect thereof were deleted) for such periods as it may consider expedient with power from time to time at the like discretion to vary such investments and to accumulate such investments and the resulting interest and other income derived therefrom. The accumulated investments shall be applied under Clause 11 (*Application of Moneys*). All interest and other income deriving from such investments shall be applied first in payment or satisfaction of all amounts then due and unpaid under Clause 16 (*Remuneration and Indemnification of Bond Trustee*) to the Bond Trustee and/or any Appointee and otherwise held for the benefit of and paid to the Holders of the Covered Bond of such Series or the holders of the related Receipts and/or Coupons, as the case may be.
- 13.2 Except in relation to any Excess Proceeds, any moneys which under the trusts of the trust presents may be invested by the Bond Trustee may be invested or deposited in an Authorised Investment. If the bank or institution with which the Bond Trustee deposits moneys is the Bond Trustee or a Subsidiary, holding or associated company of the Bond Trustee, it need only account for an amount of interest equal to the standard amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer. The Bond Trustee may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.

14. PARTIAL PAYMENTS

Upon any payment under Clause 11.1 (*Application of Moneys*) (other than payment in full against surrender of a Covered Bond, Receipt or Coupon) the Covered Bond, Receipt or Coupon in respect of which such payment or delivery is made shall be produced to the Bond Trustee, the Registrar or the Paying Agent by or through whom such payment or delivery is made and the Bond Trustee shall or shall cause the Registrar or, as the case may be, the Paying Agent to enface thereon a memorandum of the amount and the date of payment or delivery but the Bond Trustee may in any particular case or generally in relation to Registered Covered Bonds dispense with such production and enfacement upon such indemnity being given to the Bond Trustee and the Issuer as such parties shall think sufficient.

15. COVENANTS BY THE ISSUER AND THE LLP

- (a) Each of the Issuer and the LLP hereby covenants with the Bond Trustee that, so long as any of the Covered Bonds remain outstanding, it will:
- (i) at all times carry on and conduct its affairs and, in the case of the Issuer, procure that its Subsidiaries carry on and conduct their respective affairs in a proper and efficient manner including (without prejudice to the generality of the foregoing) effecting and maintaining such insurances as if and, in the case of the Issuer, each of its Subsidiaries shall respectively think proper;
 - (ii) at all times keep and, in the case of the Issuer, procure its Subsidiaries to keep proper books of account and after an Issuer Event of Default or LLP Event of

Default has occurred allow the Bond Trustee and any person appointed by the Bond Trustee free access to such books of account at all reasonable times during normal business hours;

- (iii) send to the Bond Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the Issuer or the LLP) two copies in English of every balance sheet, profit and loss account, report, circular and notice of general meeting and every other document issued or sent to its shareholders (in their capacity as such) together with any of the foregoing, and every document issued or sent to holders of securities of the Issuer or the LLP (in their capacity as such) other than its shareholders but including the Covered Bondholders which is material to the interests of the Covered Bondholders, in each case as soon as practicable after the issue or publication thereof;
- (iv) at all times maintain a Principal Paying Agent, Paying Agents, Registrar and Transfer Agents with specified offices in accordance with the Conditions and at all times maintain any other agents required to be maintained by it by the Conditions;
- (v) where the only city in which any Covered Bonds are for the time being listed or quoted is located in the United Kingdom, but without prejudice to the rights of the Issuer (subject to compliance with the terms of the Agency Agreement) to terminate any particular paying agency, use (if lawful so to do) reasonable endeavours to appoint and maintain a Paying Agent having a specified office in a city located in mainland Europe; PROVIDED THAT:
 - (A) the Issuer shall not be in breach of the provisions of this Clause 15(a)(v) (*Covenants by the Issuer and the LLP*) if the Issuer does not appoint or maintain such additional Paying Agent:
 - I. following advice by an independent expert (reasonably acceptable to the Bond Trustee) that appointment or maintenance thereof would, or would be reasonably likely to, cause the Issuer significant loss, cost, expense or inconvenience. Without limitation to the foregoing, the following shall be deemed significant for such purpose: loss of tax relief for interest expense, the incurring of any obligation to gross up for withholding tax, the incurring of any fiscal, stamp or excise tax or duty (which in any such case is not immaterial), the requirement to establish or maintain an office or subsidiary and/or make an additional listing or quotation of the Covered Bonds in the country in which such city is located, or if the Issuer were to become, or reasonably likely to become, subject generally to taxation in such country; or
 - II. where such country or countries as might be satisfactory with regard to paragraph (I) above are, in the opinion of the Issuer (as certified by authorised signatories of the Issuer), undesirable for financial, economic, political and/or market reasons; and
 - (B) without prejudice to Condition 5 (*Payments*) of the Programme Conditions or, in the case of an N Covered Bond, without prejudice to the equivalent N Covered Bond Condition (if applicable), where the Issuer could meet its obligations under subclauses 15(a)(iv) to 15(a)(vi) (*Covenants by the Issuer and the LLP*) only by selecting a country pursuant to whose laws or regulations payment would be conditional upon some certificate or declaration by or on behalf of any person the Issuer shall, nevertheless, be entitled so to select;

- (vi) maintain such other agents as may be required by any other stock exchange (not being the regulated market of the London Stock Exchange) on which the Covered Bonds may be listed;
- (vii) give notice in writing to the Bond Trustee of the occurrence of any Issuer Event of Default or Potential Issuer Event of Default or LLP Event of Default or Potential LLP Event of Default (as applicable) without waiting for the Bond Trustee to take any further action;
- (viii) cause to be prepared and certified by its Auditors in respect of each financial period, accounts in such form as will comply with all relevant legal and accounting requirements of the country in which the Issuer or, as the case may be, the LLP are incorporated and, if applicable, the requirements for the time being of the relevant Stock Exchange;
- (ix) give to the Bond Trustee at all times such information as it shall reasonably require including, but without prejudice to the generality of the foregoing, the procurement by the Issuer or the LLP (as the case may be) of all such certificates called for by the Bond Trustee pursuant to Clause 17(c) (*Supplement to Trustee Acts*) for the purpose of the discharge of the duties, powers, trusts, authorities and discretions vested in it under the trust presents or by operation of law provided always that the foregoing shall not oblige the Issuer or the LLP to give any information non-disclosure of which is required by any applicable law;
- (x) give to the Bond Trustee (a) within seven days after demand by the Bond Trustee therefor and (b) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each financial year commencing with the financial year ending 31 December 2016 (in respect of the Issuer) and 31 December 2016 (in respect of the LLP) and in any event not later than 180 days after the end of each such financial year a certificate (substantially in the form set out in Schedule 5 (*Form of Officers' Certificate*) to the trust presents) of each of the Issuer and the LLP signed by one director of the Issuer or two signatories authorised to bind the Issuer pursuant to the by-laws or resolution of the Issuer or, in the case of the LLP, a Designated Member of the LLP or two LLP Authorised Signatories (as the case may be) to the effect that as at a date not more than seven days before delivering such certificate (the **relevant certification date**) there did not exist and has not existed since the relevant certification date of the previous certificate (or in the case of the first such certificate the date hereof) on the part of the Issuer any Issuer Event of Default or Potential Issuer Event of Default or, on the part of the LLP, any LLP Event of Default or Potential LLP Event of Default (as applicable) (or if such exists or existed specifying the same) and that during the period from and including the relevant certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the relevant certification date of such certificate each of the Issuer and the LLP has complied with all its obligations contained in the trust presents or (if such is not the case) specifying the respects in which it has not complied;
- (xi) so far as permitted by law at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the reasonable opinion of the Bond Trustee to give effect to the terms and conditions of the trust presents;
- (xii) procure that the Principal Paying Agent notifies the Bond Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the

Covered Bonds or any of them or in respect of the Receipts (if any) and/or the Coupons (if any), receive unconditionally in the manner provided by the Agency Agreement the full amount of the moneys payable in the requisite currency on such due date on all such Covered Bonds, Receipts or, as the case may be, all such Coupons;

- (xiii) if the applicable Final Terms of a Series indicates that the Covered Bonds of that Series are to be listed on a Stock Exchange, use all reasonable endeavours to maintain the quotation or listing on the relevant Stock Exchange of those of the Covered Bonds which are quoted or listed on the relevant Stock Exchange (provided that if, at any time, the Issuer or any of the LLP is of the opinion in its sole discretion that maintaining such quotation or listing is unduly burdensome, the Issuer or the LLP may seek an alternative listing of the Covered Bonds on some other Stock Exchange (including, without limitation, a stock exchange outside the European Union) as may be agreed between the Issuer, the LLP and the Bond Trustee) or, if it is unable to do so having used all reasonable endeavours, use all reasonable endeavours to obtain and maintain a quotation or listing of such Covered Bonds issued by it on such other stock exchange or exchanges or securities market or markets as the Issuer and the LLP may (with the prior written approval of the Bond Trustee) decide and shall also upon obtaining a quotation or listing of such Covered Bonds issued by it on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to this Trust Deed to effect such consequential amendments to the trust presents as the Bond Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;
- (xiv) observe and comply with its obligations, and use all reasonable endeavours to procure that the Principal Paying Agent, the Registrar, any Transfer Agent and the other Paying Agents observe and comply with all their respective obligations under the Agency Agreement and not modify or amend the same without the previous consent in writing of the Bond Trustee;
- (xv) (except in the case of reimbursement pursuant to Clause 2.2(c) (*Covenant to repay principal and to pay interest*)) require the Principal Paying Agent to notify the Bond Trustee forthwith on or before the due date for payment of any amount in respect of the Covered Bonds or of any of the Receipts or Coupons if there shall not have been unconditionally paid to it or otherwise provided for to its satisfaction pursuant to the Agency Agreement in the currency in which that payment or delivery obligation is expressed or such other currency agreed between the Issuer and the Bond Trustee from time to time in same day funds the full amount of the moneys required pursuant to Clause 2.2 (*Covenant to repay principal and to pay interest*);
- (xvi) send to the Bond Trustee a copy of the form of any notice to be given to the Covered Bondholders in accordance with Condition 13 (*Notices*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions and, upon publication, two copies of such notice, such notice being in the form approved by the Bond Trustee (such approval not to be unreasonably withheld or delayed and, unless so expressed, not to constitute approval for the purposes of Section 21 of the FSMA of a communication within the meaning of Section 21);
- (xvii) in the event of the unconditional payment to the Principal Paying Agent or the Bond Trustee (in any case) of any sum due in respect of principal, redemption amount, premium (if any) and/or interest on the Covered Bonds of such Series or any of them

being made after the due date for payment thereof, forthwith give or procure the Principal Paying Agent to give notice to the Covered Bondholders of such Series in accordance with Condition 13 (*Notices*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions that such payment has been made;

- (xviii) if while any of the Covered Bonds remain outstanding the Issuer shall become subject generally to the taxing jurisdiction of any territory or any authority or political sub-division therein or thereof having power to tax other than or in addition to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax, unless the Bond Trustee otherwise agrees, the Issuer shall give to the Bond Trustee notice forthwith upon becoming aware thereof and, as soon as practicable thereafter, an undertaking or covenant in form and substance and manner satisfactory to the Bond Trustee in terms corresponding to the relevant Condition 7 (*Taxation*) of the Programme Conditions or, in the case of an N Covered Bond, in terms corresponding to relevant N Covered Bond Conditions (if applicable) with the substitution for (or, as the case may be, addition to) the references therein to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax of references to that other or additional territory or any authority or political sub-division therein or thereof having power to tax to whose taxing jurisdiction the Issuer shall have become subject as aforesaid PROVIDED THAT such undertaking or covenant shall not oblige the Issuer or the LLP to make any further payment to the extent that a withholding or deduction would fall to be made under local laws or regulations whether or not the Issuer shall have become subject generally to the taxing jurisdiction of the relevant territory or authority thereof or therein and, where such undertaking or covenant is provided, references in Condition 6.2 (*Redemption for taxation reasons*) of the Programme Conditions or, in the case of an N Covered Bond, references in the relevant N Covered Bond Conditions (if applicable) to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax shall be deemed to be amended accordingly;
- (xix) give or procure that there be given not less than 21 days' prior notice to the Bond Trustee and not less than 14 days' prior notice to the Covered Bondholders in accordance with Condition 13 (*Notices*) of the Programme Condition or, in the case of an N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable) of any proposed appointment (other than the initial appointment), resignation or removal of any Principal Paying Agent, Registrar, Calculation Agent, Transfer Agent or other Paying Agent as shown on the Covered Bonds save where no notice of the proposed appointment or removal shall be required pursuant to the Agency Agreement but in all cases shall give notice of any appointment or termination of appointment of any Principal Paying Agent, Registrar, Calculation Agent, Transfer Agent or other Paying Agent (other than the appointment of initial Agents) within seven days thereafter PROVIDED ALWAYS THAT so long as any of the Covered Bonds remains outstanding in the case of the termination of the appointment of the Registrar or a Transfer Agent or so long as any of the Covered Bonds, Receipts or Coupons remains liable to prescription in the case of the termination of the appointment of the Principal Paying Agent or the Calculation Agent no such termination shall take effect except in accordance with the provisions of the Agency Agreement;
- (xx) in order to enable the Bond Trustee to ascertain the Principal Amount Outstanding of Covered Bonds of each Series for the time being outstanding (other than for the

purpose of ascertaining the amount of Covered Bonds of each Series for the time being outstanding for the purpose of the Programme Limit), deliver to the Bond Trustee forthwith after being so requested in writing by the Bond Trustee a certificate in writing signed by one director or two authorised signatories of the Issuer or, in the case of the LLP, a Designated Member of the LLP or two LLP Authorised Signatories (as the case may be) setting out, to the best of their knowledge, information and belief so far as it is lawful to ascertain or disclose the same, the total numbers and Principal Amount Outstanding of the Covered Bonds of each Series which up to and including the date of such certificate have been purchased by or for the account of the Issuer, or any of its Subsidiaries (including the LLP), the Principal Amount Outstanding of the Covered Bonds of each Series which are held beneficially at such date by the Issuer, or any of its Subsidiaries (including the LLP) and the Principal Amount Outstanding of the Covered Bonds of each Series so purchased which have been cancelled; and

- (xxi) use all reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg (as the case may be) issue(s) any record, certificate or other document requested by the Bond Trustee under Clause 17(ee) or otherwise as soon as practicable after such request.

Nothing in this Clause 15 shall entitle the Bond Trustee to any information regarding matters (A) for which the Issuer, the LLP or any of their respective subsidiaries would be entitled to claim exemption from disclosing by reason of the provisions of, in relation to the Issuer, Part III of Schedule 9 to the Companies Act 1985 and section 409 of the Companies Act 2006 and, in relation to the LLP, section 410 of the Companies Act 2006 or any other statute in any jurisdiction in which it operates analogous thereto and irrespective of whether any such exemption is being claimed or has been waived for any other purpose or (B) which any of the Issuer, the LLP or any of their respective subsidiaries is under a duty imposed by law not to disclose or (C) which any of the Issuer, the LLP or any of their respective subsidiaries may otherwise be restricted from disclosing.

- (b) The Issuer hereby covenants with the Bond Trustee that, so long as any of the Covered Bonds remains outstanding, it will:
 - (i) maintain its registered office in the UK and that it will maintain at all times its authorisation under Part 4 of the FSMA to carry out the regulated activity referred to in article 5 (accepting deposits) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
 - (ii) loan the proceeds from any issue of Covered Bonds to the LLP in accordance with the terms of the Intercompany Loan Agreement;
 - (iii) not without the prior written consent of the Bond Trustee make application to remove its registration under the RCB Regulations or the registration of any Covered Bonds, or consent to any such removal of registration pursuant to Regulations 31(a) and (b) of the RCB Regulations; and
 - (iv) comply with all of its obligations under the RCB Regulations and/or the RCB Sourcebook at such time and in such manner as required by the RCB Regulations and/or the RCB Sourcebook (including, but not limited to, its obligations to provide notice to the Authorities in certain circumstances and its obligations in respect of annual confirmations (pursuant to RCB 3.2.1D of the RCB Sourcebook) and asset pool notifications (pursuant to RCB 3.3.1D of the RCB Sourcebook)).

16. REMUNERATION AND INDEMNIFICATION OF BOND TRUSTEE

- 16.1 The Issuer (and following an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following an LLP Event of Default and the service of an LLP Acceleration Notice, the LLP) shall pay to the Bond Trustee, by way of remuneration for its services as Bond Trustee of the trust presents, such amount as shall be agreed from time to time by exchange of letters between the Issuer and the Bond Trustee. Such remuneration shall accrue from day to day from the date of this Trust Deed and be payable (in priority to payments to Covered Bondholders, Receiptholders and Couponholders and any other Secured Creditors) up to and including the date when, all the Covered Bonds having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Principal Paying Agent or the Bond Trustee PROVIDED THAT if upon due presentation of any Covered Bond, Receipt or Coupon or any cheque payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will be deemed not to have ceased to accrue and will continue to accrue until payment or delivery to such Covered Bondholder, Receiptholder or Couponholder is duly made.
- 16.2 In the event of the occurrence of an Issuer Event of Default, LLP Event of Default, Potential Issuer Event of Default or Potential LLP Event of Default, each of the Issuer and the LLP agree that the Bond Trustee shall be entitled to be paid additional remuneration calculated at its normal hourly rates in force from time to time. In any other case, if the Bond Trustee considers it expedient or necessary or being requested by the Issuer or the LLP (as the case may be) to undertake duties which the Bond Trustee and the Issuer or the LLP agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Bond Trustee under the trust presents the Issuer or the LLP shall pay to the Bond Trustee such additional remuneration as shall be agreed between them (and which may be calculated by reference to the Bond Trustee's normal hourly rates in force from time to time) and the provisions of this Clause 16 shall apply *mutatis mutandis* in respect of such additional remuneration.
- 16.3 The Issuer and, following an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following an LLP Event of Default and the service of an LLP Acceleration Notice, the LLP shall in addition pay to the Bond Trustee an amount equal to the amount of any VAT or similar tax chargeable in respect of its remuneration under the trust presents subject to receipt of a valid VAT (or similar tax) invoice.
- 16.4 In the event of the Bond Trustee and the Issuer (and, following any Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following an LLP Event of Default and the service of an LLP Acceleration Notice, the LLP) failing to agree:
- (a) (in a case to which Clause 16.1 (*Remuneration and Indemnification of Bond Trustee*) above applies) upon the amount of the remuneration; or
 - (b) (in a case to which Clause 16.2 (*Remuneration and Indemnification of Bond Trustee*) above applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Bond Trustee under the trust presents, or upon such additional remuneration,

such matters shall be determined by a merchant or investment bank (acting as an expert and not as an arbitrator) selected by the Bond Trustee and approved by the Issuer or (as the case may be) the LLP or, failing such approval, nominated (on the application of the Bond Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such merchant or investment bank being payable by the Issuer or the LLP) and the determination of any such merchant or investment bank shall be final and binding upon the Bond Trustee and the Issuer or the LLP.

- 16.5 The Issuer (and following any Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following an LLP Event of Default and the service of an LLP Acceleration Notice, the LLP) shall also pay or discharge all other costs, charges, liabilities and expenses (including Irrecoverable VAT in respect thereof and including legal expenses) which the Bond Trustee may properly incur in relation to the preparation and execution of the trust presents and the exercise of the powers and the execution of the trusts vested in it by or pursuant to the trust presents or any Transaction Document to which it is party including but not limited to properly incurred legal fees and travelling expenses and stamp and other taxes or duties paid by the Bond Trustee in connection with any action taken by the Bond Trustee against the Issuer or the LLP to enforce any obligation under these presents, the Covered Bonds, the Receipts, the Coupons or the Talons subject to the exceptions provided in Clause 4.1 (*Stamp Duties*).
- 16.6 Without prejudice to the right of indemnity by law given to trustees, the Issuer (or, following an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following an LLP Event of Default and the service of an LLP Acceleration Notice, the LLP) shall indemnify the Bond Trustee (except where the Bond Trustee is indemnified by the Covered Bondholders) on an after tax basis in full in respect of all expenses and liabilities (including any Irrecoverable VAT in respect thereof) to which it (or any person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by or pursuant to this Deed and any of the other Transaction Documents to which the Bond Trustee is a party) may be or become liable or which may be incurred by it (or any such person as aforesaid) in the execution or purported execution of any of its trusts, powers, authorities and discretions hereunder or its functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this Deed and any of the other Transaction Documents to which the Bond Trustee is a party, save where the same arises as the result of the fraud, gross negligence or wilful default of the Bond Trustee or its officers or employees. The Bond Trustee shall be entitled to be indemnified in full (but subject to the immediately foregoing paragraph) out of the Charged Property in respect of any payment by the LLP under this Clause. The Bond Trustee shall not be entitled to be paid twice in respect of the same matter or claim pursuant to the indemnity in this Clause 16.6.
- 16.7 All amounts payable pursuant to Clauses 16.3 and 16.5 above shall be payable by the Issuer (and following any Issuer Event of Default and the service of a Notice to Pay on the LLP or, if earlier, following an LLP Event of Default and the service of an LLP Acceleration Notice, the LLP) on the date specified in a demand by the Bond Trustee and, in the case of payments actually made by the Bond Trustee prior to such demand, shall (if not paid within seven days of such demand and the Bond Trustee so requests) carry interest at the rate per annum equal to two per cent. above the Bank of England base rate or, if the Bond Trustee has incurred a borrowing to make such payment, at the rate of interest payable by such Bond Trustee in respect of such borrowing, in each case from the date of the same being demanded or incurred, as the case may be, and in all other cases shall carry interest at such rate from the date 30 days after the date of the same being demanded (or, where the demand so specifies, from the date of the demand). All remuneration payable to the Bond Trustee shall carry interest at such rate from the due date therefor.
- 16.8 Unless otherwise specifically stated in any discharge of the trust presents the provisions of this Clause 16 (*Remuneration and Indemnification of Bond Trustee*) shall continue in full force and effect in relation to the period during which the Bond Trustee was bond trustee of the trust presents notwithstanding such discharge and whether or not the Bond Trustee is then the bond trustee of the trust presents.
- 16.9 The Bond Trustee shall be entitled in its absolute discretion to determine in respect of which Series of Covered Bonds any Liabilities incurred under the trust presents have been incurred or to allocate any such Liabilities between the Covered Bonds of any Series.

17. SUPPLEMENT TO TRUSTEE ACTS

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Bond Trustee in relation to the trusts constituted by the trust presents. Where there are any inconsistencies between the Trustee Acts and the provisions of the trust presents, the provisions of the trust presents shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of the trust presents shall constitute a restriction or exclusion for the purposes of that Act. The Bond Trustee shall have all the powers conferred upon bond trustees by the Trustee Acts and by way of supplement thereto it is expressly declared as follows:

- (a) The Bond Trustee may in relation to the trust presents and the other Transaction Documents rely or act on the advice or report or opinion of or any information obtained from any Auditor, lawyer, valuer, accountant, surveyor, banker, professional adviser, broker, financial adviser, auctioneer or other expert whether obtained by the Issuer, the LLP, the Principal Paying Agent, the Bond Trustee or otherwise and whether or not addressed to the Bond Trustee notwithstanding that such advice, report, opinion, information, or any engagement letter or any 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 and the Bond Trustee shall not be responsible for any Liability occasioned by so acting or relying.
- (b) Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission, cable or email and the Bond Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telex, telegram, facsimile transmission, cable or email although the same shall contain some error or shall not be authentic but without prejudice to the Issuer's or (as the case may be) the LLP's right to proceed against any person in case of fraud, negligence or wilful default.
- (c) The Bond Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate or report signed by one director or two authorised signatories of the Issuer or, in the case of the LLP, a Designated Member of the LLP or two LLP Authorised Signatories or signed by an authorised signatory of any other transaction party (as the case may be) (provided that any fact or matter certified by such transaction party shall be in relation to that transaction party only and not the Issuer or the LLP) and the Bond Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate or report.
- (d) The Bond Trustee shall be at liberty to hold the trust presents and any other documents relating thereto or to deposit them in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Bond Trustee to be of good repute and may deposit these presents and any other documents relating to these presents with such custodian and the Bond Trustee shall not be responsible for or required to insure against any Liability incurred in connection with any such holding or deposit and may pay all sums required to be paid on account of or in respect of any such deposit.
- (e) The Bond Trustee shall not be responsible for the application of the proceeds of the issue of any of the Covered Bonds by the Issuer, the exchange of any Global Covered Bond for another Global Covered Bond or Definitive Covered Bonds or the delivery of any Global Covered Bond or Definitive Covered Bonds to the person(s) entitled to it or them.
- (f) The Bond Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in the trust presents or to take any steps to ascertain

whether any Issuer Event of Default, Potential Issuer Event of Default, LLP Event of Default or Potential LLP Event of Default has occurred and, until it shall have actual knowledge or express notice pursuant to the trust presents to the contrary, the Bond Trustee shall be entitled to assume that no Issuer Event of Default, Potential Issuer Event of Default, LLP Event of Default or Potential LLP Event of Default has occurred and that each of the Issuer and the LLP is observing and performing all of their respective obligations under the trust presents and the other Transaction Documents.

- (g) Save as expressly otherwise provided in the trust presents, the Bond Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under the trust presents (the exercise or non-exercise of which as between the Bond Trustee and the Covered Bondholders, the Receiptholders and the Couponholders shall be conclusive and binding on the Covered Bondholders, the Receiptholders and the Couponholders) and shall not be responsible for any Liability which may result from their exercise or non-exercise and in particular the Bond Trustee shall not be bound to act at the request or direction of the Covered Bondholders or otherwise under any provision of the trust presents or to take at such request or direction or otherwise any other action under any provision of the trust presents, without prejudice to the generality of Clause 10.1 (*Proceedings, Action and Indemnification*), unless it shall first be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing.
- (h) The Bond Trustee shall not be liable to any person by reason of having acted upon any Extraordinary Resolution or other resolution purporting to have been passed at any meeting of the holders of Covered Bonds of all or any Series in respect whereof minutes have been made and signed or any direction or request of the holders of the Covered Bonds of all or any Series even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution that it was not signed by the requisite number of holders or that for any reason the resolution, direction or request was not valid or binding upon such holders and the respective Receiptholders and Couponholders.
- (i) The Bond Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Covered Bond, Receipt, Coupon or Talon purporting to be such and subsequently found to be forged or not authentic, but without prejudice to the Issuer or (as the case may be) the LLP's right to proceed against any person in case of fraud, negligence or wilful default.
- (j) Any consent or approval given by the Bond Trustee for the purposes of the trust presents may be given on such terms and subject to such conditions (if any) as the Bond Trustee thinks fit and notwithstanding anything to the contrary in the trust presents may be given retrospectively.
- (k) The Bond Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Covered Bondholder, Receiptholder, Couponholder or any other Secured Creditor any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Bond Trustee by the Issuer, the LLP or any other person in connection with the trust presents or the Deed of Charge and no Covered Bondholder, Receiptholder, Couponholder or other Secured Creditor shall be entitled to take any action to obtain from the Bond Trustee any such information.
- (l) Where it is necessary or desirable for any purpose in connection with the trust presents to convert any sum from one currency to another it shall (unless otherwise provided by the trust

presents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Bond Trustee in consultation with the Issuer but having regard to current rates of exchange and any rate, method and date so agreed shall be binding on the Issuer, the LLP, the Covered Bondholders, the Receiptholders and the Couponholders.

- (m) The Bond Trustee shall not be concerned, and need not enquire, as to whether or not any Covered Bonds are issued in breach of the Programme Limit.
- (n) The Bond Trustee may certify whether or not the Issuer or LLP, as the case may be, has failed to perform any of its obligations set out in Condition 9.1(b) (*Issuer Events of Default*) and Condition 9.2(b) (*LLP Events of Default*) of the Programme Conditions, respectively, (each of which conditions shall, unless in any case the Bond Trustee in its absolute discretion shall otherwise determine, for all the purposes of the trust presents be deemed to include the circumstances resulting therein and the consequences resulting therefrom) if such failure is in its opinion materially prejudicial to the interests of the Covered Bondholders of any Series and any such certificate shall be conclusive and binding upon the Issuer, the LLP, the Covered Bondholders, the Receiptholders and the Couponholders.
- (o) The Bond Trustee as between itself and the Covered Bondholders, the Receiptholders and the Couponholders may determine all questions and doubts arising in relation to any of the provisions of the trust presents. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Bond Trustee, shall be conclusive and shall bind the Bond Trustee and the Covered Bondholders, the Receiptholders, the Couponholders.
- (p) In connection with the exercise by it of any of its trusts, powers, authorities or discretions under the trust presents (including, without limitation, any modification, waiver, authorisation or determination), the Bond Trustee shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Covered Bondholders, Receiptholders and Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee shall not be entitled to require, nor shall any Covered Bondholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the LLP, the Bond Trustee or any other person any indemnification or payment in respect of any Tax or stamp duty consequences of any such exercise upon individual Covered Bondholders, Receiptholders and/or Couponholders, except to the extent already provided for in Condition 7 (*Taxation*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions and/or in any undertaking or covenant given in addition thereto or in substitution therefor under the trust presents.
- (q) Any bond trustee of the trust presents being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual and proper professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of the trust presents or any other of the Transaction Documents to which the Bond Trustee is a party and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with the trust presents including matters which might or should have been attended to in person by a bond trustee not being a lawyer, accountant, broker or other professional person.

- (r) The Bond Trustee may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of the trust presents or not) not being a person to whom the Issuer may reasonably object all or any of its trusts, powers, authorities and discretions under the trust presents. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Bond Trustee may in the interests of the Covered Bondholders think fit. Provided the Bond Trustee has exercised reasonable care in the selection of any such delegate, the Bond Trustee shall not be under any obligation to supervise the proceedings or acts of any such delegate or sub-delegate or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate (except where such delegate or sub-delegate is an affiliate, associate or otherwise connected with the Bond Trustee). The Bond Trustee shall give a reasonable prior notice to the Issuer and the LLP of any such delegation or any renewal, extension or termination and shall procure that any delegate shall also give reasonable prior notice to the Issuer and the LLP of any sub-delegate.
- (s) The Bond Trustee may in the conduct of the trust constituted hereunder instead of acting personally employ and pay an agent not being a person to whom the Issuer might reasonably object (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection with the trust presents (including the receipt and payment of money). Provided the Bond Trustee has exercised reasonable care in the selection of any such agent, the Bond Trustee shall not be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent.
- (t) The Bond Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the trust presents and any other Transaction Document or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of the trust presents and any other Transaction Document or any other document relating or expressed to be supplemental thereto.
- (u) The Bond Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Covered Bonds or for checking or commenting upon the content of any such legal opinion.
- (v) The Bond Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trusts constituted by the trust presents as the Bond Trustee may determine, including for the purpose of depositing with a custodian the trust presents or any document relating to the trusts constituted by the trust presents. If the Bond Trustee exercised reasonable care in the selection of such custodian or nominee, the Bond Trustee shall not be responsible for any Liability incurred by reason of the misconduct, omission or default on the part of any such person appointed by it hereunder or be bound to supervise the proceedings or acts of such person. The Bond Trustee is not obliged to appoint a custodian if the Bond Trustee invests in securities payable to bearer.
- (w) Subject to the requirements, if any, of any relevant Stock Exchange, any corporation into which the Bond Trustee shall be merged or with which it shall be consolidated or any company resulting from any such merger or consolidation shall be a party hereto and shall

be the Bond Trustee under the trust presents without executing or filing any paper or document or any further act being required on the part of the parties thereto.

- (x) The Bond Trustee shall not be bound to take any action in connection with the trust presents or any obligations arising pursuant thereto, including, without prejudice to the generality of the foregoing, forming any opinion or employing any financial adviser, where it is not reasonably satisfied that the Issuer or the LLP will be able to indemnify it against all Liabilities which may be incurred in connection with such action and may demand prior to taking any such action that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it and on such demand being made the Issuer (and following an Issuer Event of Default and the service of an Issuer Acceleration Notice and a Notice to Pay on the LLP or, if earlier, following an LLP Event of Default and the service of an LLP Acceleration Notice, the LLP) shall be obliged to make payment of all such sums in full.
- (y) Unless notified to the contrary, the Bond Trustee shall be entitled to assume without enquiry (other than requesting a certificate pursuant to Clause 15(a)(xx) (*Covenants by the Issuer and the LLP*)) that no Covered Bonds are held by, for the benefit of, or on behalf of, the Issuer, or their respective Subsidiaries (including the LLP).
- (z) The Bond Trustee shall have no responsibility whatsoever to the Issuer, the LLP, any Covered Bondholder, Receiptholder or Couponholder or any other person for the maintenance of or failure to maintain any rating of any of the Covered Bonds by any Rating Agency.
- (aa) The Bond Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in the trust presents, or any other agreement or document relating to the transactions contemplated in the trust presents or under such other agreement or document.
- (bb) Subject to Clause 18, the Bond Trustee shall not be liable or responsible for any Liabilities or inconvenience which may result from anything done or omitted to be done by it in accordance with the provisions of the trust presents.
- (cc) The Bond Trustee will not 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 clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee. The Bond Trustee will not be responsible for (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Bond Trustee will be entitled to assume, until it has received written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Portfolio, including, without limitation, compliance with the Asset Coverage Test, the Pre-Maturity Liquidity Test or the Amortisation Test; or (iv) monitoring whether Loans and Related Security satisfy the Eligibility Criteria. The Bond Trustee will not be liable to any Covered Bondholder 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.

- (dd) Where under the trust presents, the Bond Trustee or the Security Trustee is required to consider whether any event or the exercise by it of any of its powers, authorities or discretions is or will be materially prejudicial to the interests of the Covered Bondholders of one or more Series, the Bond Trustee or the Security Trustee shall be entitled to call for and rely and act upon the advice or opinion of any reputable financial or other adviser (whether or not such financial adviser shall be a Secured Creditor or otherwise party to any Transaction Document) and if relied upon by the Bond Trustee or the Security Trustee shall be binding on the Covered Bondholders, Couponholders and Receiptholders of all Series and neither the Bond Trustee nor the Security Trustee shall incur any Liability by reason of so acting or relying.
- (ee) The Bond Trustee may call for and shall rely on any records, certificate or other document of or to be issued by Euroclear or Clearstream, Luxembourg in relation to any determination of the principal amount of Covered Bonds represented by an NGCB. Any such records, certificate or other document shall be conclusive and binding for all purposes. The Bond Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any such records, certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.
- (ff) Notwithstanding anything else herein contained, the Bond Trustee may refrain, without liability, from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law or any directive or regulation of any agency of any such jurisdiction (including but not limited to England and Wales and the United States of America or any jurisdiction forming a part of it). Furthermore, the Bond Trustee may refrain, without liability, from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing by virtue of any applicable law or if it is determined by any court or other competent authority in that jurisdiction (including but not limited to England and Wales and the United States of America or any jurisdiction forming a part of it) that it does not have such power. The Bond Trustee may also, without liability, take any action in any jurisdiction which is, in its opinion based upon legal advice in the relevant jurisdiction, necessary to comply with any law or any directive or regulation of any agency of any such jurisdiction.

18. BOND TRUSTEE'S LIABILITY

Nothing in the trust presents shall in any case in which the Bond Trustee has failed to show the degree of care and diligence required of it as bond trustee having regard to the provisions of the trust presents conferring on it any trusts, powers, authorities or discretions relieve or indemnify the Bond Trustee against any liabilities which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, wilful default or fraud of which it may be guilty in relation to its duties under the trust presents.

19. BOND TRUSTEE CONTRACTING WITH THE ISSUER AND THE LLP

19.1 Neither the Bond Trustee nor any director or officer or holding company, Subsidiary or other affiliates of a corporation acting as a bond trustee under the trust presents shall by reason of its or his fiduciary position be in any way precluded from:

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer, the LLP and/or any of their respective Subsidiaries and affiliates, holding companies or any person or body corporate associated with the Issuer

(including without prejudice to the generality of this provision any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Covered Bonds or any other covered bonds, bonds, stocks, shares, debenture stock, debentures or other securities of, the Issuer, the LLP or any of their respective Subsidiaries or affiliates or any person or body corporate so associated as aforesaid); or

- (b) accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or guaranteed by, or relating to the Issuer, the LLP and/or any of their respective Subsidiaries or affiliates, holding companies or any person or body corporate associated with the Issuer, or any other office of profit under the Issuer or the LLP or any of their respective Subsidiaries or affiliates or any person or body corporate so associated as aforesaid,

and shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in (a) above or, as the case may be, any such trusteeship or office of profit as is referred to in (b) above without regard to the interests of, or consequences for the Covered Bondholders, Receiptholders or Couponholders and notwithstanding that the same may be contrary or prejudicial to the interests of the Covered Bondholders and shall not be responsible for any Liability occasioned to the Covered Bondholders, Receiptholders or Couponholders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

- 19.2 Where any holding company, Subsidiary or associated company of the Bond Trustee or any director or officer of the Bond Trustee acting other than in his capacity as such a director or officer has any information, the Bond Trustee shall not thereby be deemed also to have knowledge of such information and, unless it shall have actual knowledge of such information, shall not be responsible for any loss suffered by Covered Bondholders resulting from the Bond Trustee's failing to take such information into account in acting or refraining from acting under or in relation to the trust presents.

20. WAIVER, AUTHORISATION AND MODIFICATION

20.1 Waiver and Authorisation

- (a) The Bond Trustee may without the consent of any of the Covered Bondholders of any Series, the related Receiptholders and/or Couponholders and without prejudice to its rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, LLP Event of Default or Potential LLP Event of Default from time to time and at any time (but only if in so far as in its opinion the interests of the Covered Bondholders of any Series shall not be materially prejudiced thereby), on such terms and subject to such conditions as to it shall seem expedient, waive or authorise any breach or proposed breach by either of the Issuer or the LLP or any other person of any of the covenants or provisions contained in the trust presents, the Covered Bonds, the Receipts, the Coupons or the other Transaction Documents or determine that any condition, event or act which constitutes or which would or might but for such determination constitute an Issuer Event of Default, Potential Issuer Event of Default, LLP Event of Default or Potential LLP Event of Default shall not be and shall be deemed never to have been treated as such for the purposes of the trust presents PROVIDED ALWAYS THAT the Bond Trustee shall not exercise any powers conferred on it by this Clause 20.1 in contravention of any express direction given by Extraordinary Resolution but so that no such direction shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination

may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, shall be binding on the Covered Bondholders, the related Receiptholders and/or the Couponholders and shall be notified by the Issuer to the Covered Bondholders in accordance with Condition 13 (*Notices*) of the Programme Conditions or, in the case of an N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable).

- (b) The Bond Trustee shall be bound to (A) waive or authorise any breach or proposed breach by the Issuer, the LLP or any other person of any of the covenants or provisions contained in the trust presents or the other Transaction Documents or (B) determine that any Issuer Event of Default, Potential Issuer Event of Default, LLP Event of Default or Potential LLP Event of Default shall not be treated as such for the purposes of the trust presents if it is (i) so directed by an Extraordinary Resolution of the Covered Bondholders of all Series, in the case of any such determination referred to in (B) above (with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Sterling at the relevant Covered Bond Swap Rate) or by an Extraordinary Resolution or Extraordinary Resolutions of the Covered Bondholders of the relevant one or more Series (as determined in accordance with the provisions of paragraph 22 of Schedule 4), in any other case or (ii) requested to do so in writing by the holders of in the aggregate at least one-fifth of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding, in the case of any such determination referred to in (B) above (with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Sterling as aforesaid) or of the Covered Bonds of the relevant one or more Series (as determined in accordance with the provisions of Clause 10.6 (*Proceedings, Action and Indemnification*)) in any other case, and at all times then only if it shall first be indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.
- (c) The Bond Trustee shall not agree to make or grant any waiver, authorisation or determination pursuant to this Clause 20.1, until it shall have received from the Issuer written confirmation that any such waiver, authorisation or determination would not result in (1) a breach of the RCB Regulations or (2) the Issuer and/or the Programme ceasing to be registered under the RCB Regulations and that either:
 - (i) any such waiver, authorisation or determination would not require the Authorities to be notified in accordance with Regulation 20 of the RCB Regulations; or
 - (ii) if such waiver, authorisation or determination would require the Authorities to be notified in accordance with Regulation 20 of the RCB Regulations, the Issuer has provided all information required to be provided to the Authorities and the Authorities have given their consent to the proposed waiver, authorisation or determination.

20.2 Modification

- (a) Subject to Clause 20.2(h) below, the Bond Trustee shall be bound to concur with the Issuer and the LLP and any other party in making any of the modifications referred to in 20.2(b)(i) and 20.2(b)(ii) below if it is (i) so directed by an Extraordinary Resolution or Extraordinary Resolutions of the Covered Bondholders of the relevant one or more Series (as determined in accordance with the provisions of paragraph 22(a) of Schedule 4) or (ii) requested to do so in writing by the holders of in the aggregate at least one-fifth of the Principal Amount Outstanding of the Covered Bonds of the relevant one or more Series (as determined in accordance with the provisions of Clause 10.6) and at all times then only if it shall first be

indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

- (b) The Bond Trustee may in the case of (i) and (ii) below, and the Bond Trustee shall in the case of (iii) to (xiv) below, agree and the LLP and the Issuer may also agree, without the consent of the Covered Bondholders, Receiptholders or Couponholders of any Series and without the consent of the other Secured Creditors other than any Secured Creditor that is party to the relevant documents provided that any such modification does not relate to a Series Reserved Matter:
- (i) to any modification of the trust presents, the terms and conditions applying to Covered Bonds of one or more Series, the related Receipts and/or Coupons or any Transaction Document provided that in the opinion of the Bond Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series; or
 - (ii) to any modification of the trust presents, the terms and conditions applying to Covered Bonds of any one or more Series, the related Receipts and/or Coupons or any Transaction Document which is in the sole opinion of the Bond Trustee (as the case may be) of a formal, minor or technical nature, is to correct a manifest error or is to comply with mandatory provisions of law; or
 - (iii) subject to receipt by the Bond Trustee and the Security Trustee of a certificate of the Issuer or the LLP certifying to the Bond Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer or the LLP to satisfy the relevant requirements, to any modifications of the terms and conditions applying to Covered Bonds of any one or more Series, the related Receipts and/or Coupons or any Transaction Document as requested by the Issuer and/or the LLP in order to enable the Issuer and/or the LLP to comply with any requirements which apply to it under (i) Regulation (EU) 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 UK domestic law by virtue of the EUWA (**UK EMIR**) and/or (ii) Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EU EMIR**), as applicable, in accordance with the terms of the Trust Deed, and the Covered Bondholder shall be deemed to have instructed the Bond Trustee and the Security Trustee to consider such amendments to the Transaction Documents and/or the Terms and Conditions to be not materially prejudicial for the purposes of making a determination clause 23 (*Waiver, Authorisation and Modification*) of the Deed of Charge; or
 - (iv) to any modification for the purpose of allowing the Issuer to maintain compliance with the RCB Regulations in respect of the Programme and the Covered Bonds provided that the Issuer and the LLP certify to the Bond Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
 - (v) to the partial termination of any Covered Bond Swap following the redemption in part or cancellation in part of the related Series of Covered Bonds (for the avoidance of doubt, if there is more than one Covered Bond Swap in place in relation to such Series of Covered Bonds, each such Covered Bond Swap may be partially terminated in any amount as determined by the LLP) provided that the Issuer and the LLP certify to the Bond Trustee and the Security Trustee that following such partial termination (or partial terminations, as the case may be) the LLP remains adequately

hedged in relation to such Series of Covered Bonds and provided further that the Issuer and the LLP have certified to the Bond Trustee that such partial termination (or partial terminations, as the case may be) will not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Series of Covered Bonds by the Rating Agency or (y) the Rating Agency placing any Covered Bonds on rating watch negative (or equivalent); or

- (vi) to any modifications to a Cover Pool Swap Agreement or (if the relevant Covered Bond Swap Agreement so provides) a Covered Bond Swap Agreement requested by the LLP or the relevant Cover Pool Swap Provider or Covered Bond Swap Provider, as applicable, for the purpose of complying with, or implementing or reflecting updated criteria of one or more Rating Agencies which may be published after 24 February 2017 (the **New Rating Criteria**) and the Bond Trustee shall be obliged to concur in and to effect, and to direct the Security Trustee to concur in and to effect, any modifications to a Cover Pool Swap Agreement or (if the relevant Covered Bond Swap Agreement so provides) a Covered Bond Swap Agreement that are requested by the LLP or a relevant Cover Pool Swap Provider or Covered Bond Swap Provider, as applicable, to modify the relevant Cover Pool Swap Agreement or Covered Bond Swap Agreement to reflect the New Rating Criteria, provided that (i) the conditions precedent to making of such amendments as set out in the relevant Cover Pool Swap Agreement or a Covered Bond Swap Agreement have been satisfied immediately prior to the date on which it is proposed that the amendments are effected and (ii) the Issuer and the LLP certify in writing to the Bond Trustee that such modification is necessary to comply with, implement or reflect the New Rating Criteria. For the avoidance of doubt, such modifications may include, without limitation, modifications which would allow any Cover Pool Swap Provider or Covered Bond Swap Provider not to post collateral in circumstances where it previously would have been obliged to do so, subject to satisfaction of the foregoing conditions; or
- (vii) to any modifications to the Transaction Documents and/or the Conditions (other than those referred to in 20.2(b)(vi) above) that are requested by the Issuer and the LLP to comply with any criteria of the Rating Agency which may be published after the date of this Deed and which the Issuer and the LLP certify to the Bond Trustee in writing are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by the Rating Agency to any Series of Covered Bonds; or
- (viii) to any modification for the purpose of allowing one or more additional rating agencies to be appointed in respect to one or all Series of Covered Bonds provided that the Issuer and the LLP, certify in writing to the Bond Trustee that (1) the additions do not dilute any of the existing requirements from the existing Rating Agency, (2) the Rating Agency has been informed of the proposed modification and the Rating Agency has not indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Series of Covered Bonds by such Rating Agency or (y) such Rating Agency placing any Covered Bonds on rating watch negative (or equivalent) and (3) that the Issuer pays all costs and expenses (including legal fees) incurred by the Issuer, the LLP and the Bond Trustee and the Security Trustee in connection with such modification; or
- (ix) to any modification for the purpose of enabling the Covered Bonds to be (or to remain) listed on the Stock Exchange, provided that the Issuer and the LLP certify to

the Bond Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or

- (x) to any modification for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, provided that the Issuer and the LLP or the relevant Transaction Party, as applicable, certify to the Bond Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
 - (xi) to any modification for the purpose of allowing any additional Account Banks or Swap Collateral Account Banks to be appointed and/or additional Transaction Accounts or Swap Collateral Accounts to be opened, including custody accounts under the relevant Bank Account Agreement and Swap Collateral Bank Account Agreement, as applicable, provided that the Issuer and the LLP certify to the Bond Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
 - (xii) to any modification for the purpose of allowing a Collateralised GIC Account Provider to be appointed and/or any Collateralised GIC Accounts to be opened, under the relevant Collateralised GIC Account Agreement, provided that the Issuer and the LLP certify to the Bond Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
 - (xiii) to the accession of any New Seller to the Programme PROVIDED THAT the Issuer and the LLP certify to the Bond Trustee and to the Security Trustee in writing that the relevant conditions precedent in the Transaction Documents are satisfied at the time of the intended accession; or
 - (xiv) to any modification of the Cover Pool Swap Agreement for the purpose of enabling the Cover Pool Swap in relation to the Variable Rate Loans to be extinguished at the option of the Cover Pool Swap Provider following a downgrade in the relevant rating of the Cover Pool Swap Provider or any guarantor of the Cover Pool Swap Provider's obligations by the Rating Agency, provided that the Issuer and the LLP certify in writing to the Bond Trustee that (a) such modification is required solely for such purpose and has been drafted solely to such effect and (b) the Rating Agency has confirmed that such a downgrade in the relevant rating of the Cover Pool Swap Provider or any guarantor of the Cover Pool Swap Provider's obligations will not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Series of Covered Bonds by the Rating Agency or (y) the Rating Agency placing any Covered Bonds on rating watch negative (or equivalent).
- (c) In respect of any Covered Bonds issued on or after the date of the Third Supplemental Deed to the Trust Deed, and which are not to be consolidated and form a single Series with Covered Bonds issued before the date of the Third Supplemental Deed to the Trust Deed, the Bond Trustee, the Security Trustee and the LLP shall concur with the Issuer in making any modification (other than in respect of a Series Reserved Matter, provided that a Base Rate Modification (as defined below) will not constitute a Series Reserved Matter) to the Conditions and/or any Transaction Document (including, for the avoidance of doubt but without limitation, the Covered Bond Swap in relation to the relevant Series of Covered Bonds and subject to the consent only of the Secured Creditors (i) party to the relevant Transaction Document being amended or (ii) whose ranking in any Priorities of Payments is affected) that the Issuer considers necessary for the purpose of changing the base rate in respect of the Covered Bonds from, EURIBOR, €STR, SOFR and SONIA or such other benchmark rate (each, a **Reference Rate**) to an alternative base rate (any such rate, an

Alternative Base Rate) and making such other amendments to the Conditions and/or any Transaction Documents (including the Cover Pool Swap) as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a **Base Rate Modification**), provided that:

(i) the Issuer certifies to the Bond Trustee and the Security Trustee in writing (such certificate, a **Base Rate Modification Certificate**) that:

I. such Base Rate Modification is being undertaken due to:

(A) a material disruption to the relevant Reference Rate, an adverse change in the methodology of calculating the relevant Reference Rate or the relevant Reference Rate ceasing to exist or be published; or

(B) a public statement by the administrator of the relevant Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator for the Reference Rate has been appointed that will continue publication of the relevant Reference Rate) and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable; or

(C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable; or

(D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means such Reference Rate may no longer be used or that its use is subject to restrictions or adverse consequences; or

(E) the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (A), (B), (C) or (D) will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

II. such Alternative Base Rate is:

(A) a base rate published, endorsed, approved or recognised by the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Covered Bonds are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or

(B) in relation to EURIBOR, €STR SOFR, SONIA (or any rate which is derived from, based upon or otherwise similar to either of the foregoing); or

- (C) a base rate utilised in a material number of publicly-listed new issues of floating rate covered bonds prior to the effective date of such Base Rate Modification (for these purposes, unless agreed otherwise by the Bond Trustee, 3 such issues shall be considered material); or
- (D) a base rate utilised in publicly-listed new issues of floating rate covered bonds where the issuer (or, in the case of asset backed securities, the originator of the relevant assets) is the Issuer or an Affiliate of the Issuer; and

III. the Base Rate Modification proposed is required solely for the purpose of applying the Alternative Base Rate and making consequential modifications to the Conditions, the Trust Deed and/or any Transaction Document which are, as reasonably determined by the Issuer, necessary or advisable, and the modifications have been drafted solely to such effect;

- (ii) at least 30 days' prior written notice of any proposed Base Rate Modification has been given to the Bond Trustee and the Security Trustee;
- (iii) the Base Rate Modification Certificate is provided to the Bond Trustee and the Security Trustee both (i) at the time the Bond Trustee and the Security Trustee are notified of the Base Rate Modification and (ii) on the effective date of such Base Rate Modification;
- (iv) with respect to each Rating Agency, either:
 - (A) the Issuer obtains from such Rating Agency written confirmation that such Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the relevant Covered Bonds of any Series by such Rating Agency or (y) such Rating Agency placing the Covered Bonds of any Series on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Bond Trustee and the Security Trustee; or
 - (B) the Issuer certifies in writing to the Bond Trustee and the Security Trustee that it has notified such Rating Agency of the Base Rate Modification and, in its opinion, formed on the basis of due consideration and consultation with such Rating Agency (including, as applicable, upon receipt of oral confirmation from an appropriately authorised person at such Rating Agency), such Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Covered Bonds of any Series by such Rating Agency or (y) such Rating Agency placing the Covered Bonds of any Series on rating watch negative (or equivalent);
- (v) the Issuer pays (or arranges for the payment of) all documented fees, costs and expenses (including legal fees) incurred by the Bond Trustee and the Security Trustee in connection with such Base Rate Modification;
- (vi) the Issuer has provided at least 30 days' notice to the Covered Bondholders of the relevant Series of Covered Bonds of the Base Rate Modification in accordance with Condition 13 (Notices) and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds (in each case specifying the date and time by

which Covered Bondholders must respond), and Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Covered Bonds may be held) by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification.

If Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which the Covered Bonds may be held) by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification, then the Base Rate Modification will not be made unless an Extraordinary Resolution of the Covered Bondholders of the relevant Series then outstanding is passed in favour of the Base Rate Modification in accordance with Condition 14 (*Meetings of holders of the Covered Bonds, Modification and Waiver*).

Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Issuer's and the Bond Trustee's satisfaction (having regard to prevailing market practices) of the relevant Covered Bondholder's holding of the Covered Bonds.

For the avoidance of doubt, the Issuer may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Clause 20.2(c) are satisfied.

- (d) When implementing any modification pursuant to Clause 20.2(c), the Bond Trustee and the Security Trustee shall not consider the interests of the Covered Bondholders, any other Secured Creditor or any other person and shall act and rely solely and without investigation or liability on any Base Rate Modification Certificate or other certificate or evidence provided to it by the Issuer and shall not be liable to the Covered Bondholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.
- (e) The Bond Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee, would have the effect of (a) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights, powers, authorisations, discretions, indemnification or protections, of the Bond Trustee in the Transaction Documents and/or the Terms and Conditions of the Covered Bonds.

Neither the Bond Trustee nor the Security Trustee shall be responsible or liable in damages or otherwise to any person or party for any loss incurred by reason of the Bond Trustee and/or the Security Trustee consenting to or concurring in such amendments, replacements and modifications.

- (f) Save as provided in Clause 20.2(c), the Issuer and the LLP shall give the Bond Trustee at least 14 days' prior written notice of any modifications pursuant to this Clause 20.2 (*Modification*).
- (g) Subject to the provisions of this Clause 20 (*Waiver, Authorisation and Modification*), no variation of any provision(s) of this Deed shall be effective unless it is in writing and signed by the LLP and the Security Trustee.

- (h) The Bond Trustee shall not agree to any modification pursuant to this Clause 20.2 (*Modification*), until it shall have received from the Issuer written confirmation that such modification would not result in (1) a breach of the RCB Regulations or (2) the Issuer and/or the Programme ceasing to be registered under the RCB Regulations and that either:
 - (i) such modification would not require the Authorities to be notified in accordance with Regulation 20 of the RCB Regulations; or
 - (ii) if such modification would require the Authorities to be notified in accordance with Regulation 20 of the RCB Regulations, the Issuer has provided all information required to be provided to the Authorities and the Authorities has given its consent to such proposed modification.
- (i) Subject to Clauses 20.2(e) and 20.2(i), the prior consent of the Bond Trustee, the Security Trustee and the other Secured Creditors (other than any Secured Creditor who is party to the relevant Transaction Document to be amended) will not be required and will not be obtained in relation to any modifications to any Transaction Document requested by the Issuer or the Designated Transaction Representative pursuant to, and to give effect to the provisions set forth under, the section titled “— *Effect of benchmark transition event on any SOFR Covered Bonds*” in Condition 14.3(b) (*Additional Right of Modification and Waiver*).

21. SUBSTITUTION, CONSOLIDATION, MERGER, AMALGAMATION OR TRANSFER

21.1 Substitution

- (a) If so requested by the Issuer, the Bond Trustee and the Security Trustee shall, without the consent of the Covered Bondholders, Receiptholders or Couponholders or any other Secured Creditor, agree with the Issuer and the LLP to the substitution in place of the Issuer (or of the previous substitute under this Clause) as the principal debtor under the trust presents, the Covered Bonds, the Receipts, the Coupons and all other Transaction Documents of any Subsidiary of the Issuer or any holding company of the Issuer or any other subsidiary of any such holding company, in each case incorporated or to be incorporated in any country in the world or to the resubstitution of the Issuer (such substituted issuer being hereinafter called the **New Company**) PROVIDED THAT in each case a trust deed is executed and other forms of undertaking are given by the New Company in the form and manner satisfactory to the Bond Trustee, agreeing to be bound by the provisions of the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents to which the Issuer is a party and with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the New Company had been named in the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents as the principal debtor in place of the Issuer (or of the previous substitute under this Clause).

The following further conditions shall apply to Clause 21.1(a) (*Substitution*) above:

- (i) the Issuer and the LLP shall deliver to the Bond Trustee and the Security Trustee a certificate of two directors of the Issuer and a certificate of a Designated Member of the LLP stating that immediately after giving effect to such transaction no Issuer Event of Default (in respect of the Issuer) or LLP Event of Default, respectively and no Potential Issuer Event of Default (in respect of the Issuer) or Potential LLP Event of Default, respectively, shall have occurred and be continuing;
- (ii) where the New Company is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the United Kingdom or any political sub-division thereof or any authority therein or

thereof having power to tax, undertakings or covenants shall be given by the New Company in terms corresponding to the provisions of Condition 7 (*Taxation*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions with the substitution for (or, as the case may be, the addition to) the references to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax of references to that other or additional territory in which the New Company is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and, where such undertaking or covenant is provided, references in Condition 6.2 (*Redemption for taxation reasons*) of the Programme Conditions or references in the equivalent Condition of the N Covered Bond Conditions to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax shall be deemed to be amended accordingly;

- (iii) a Rating Agency Confirmation is provided;
 - (iv) the Covered Bond Guarantee remaining in place *mutatis mutandis* in relation to the obligations of the New Company;
 - (v) the Issuer and the LLP shall deliver to the Bond Trustee legal opinions from lawyers approved by the Bond Trustee in (a) England and Wales and (b) the jurisdiction of incorporation of the New Company, in each case in form and substance satisfactory to the Bond Trustee; and
 - (vi) if, at the time of a substitution, the Programme has been registered under the RCB Regulations, any New Company, including any Successor in Business or the Subsidiary of the Issuer or of such Successor in Business or the holding company of the Issuer or such Successor in Business or any other subsidiary of any such holding company or such Successor in Business, is admitted to the register of regulated covered bonds pursuant to Regulation 14 of the RCB Regulations and that all other provisions of the RCB Regulations and the RCB Sourcebook (including Regulation 20 of the RCB Regulations) are satisfied prior to the substitution of the Issuer pursuant to this Clause 21.1 (*Substitution*);
 - (vii) the Directors of the New Company shall certify that the New Company is solvent at the time at which the said substitution is proposed to be effected (which certificate the Bond Trustee may rely upon absolutely) and the Bond Trustee shall not have regard to the financial condition, profits or prospects of the New Company or compare the same with those of the Issuer or of any previous substitute under this sub-clause; and
 - (viii) the Issuer and (where applicable) the New Company comply with such other reasonable requirements as the Bond Trustee may direct in the interests of the Covered Bondholders.
- (b) Any such trust deed executed and/or undertakings given in this Clause 21.1 shall, if so expressed, operate to release the Issuer or the previous substitute as aforesaid from all of its obligations as principal debtor under the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents to which it is a party. Not later than 14 days after the execution of such documents and compliance with such requirements, the New Company shall give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 13 (*Notices*) of the Programme Conditions or, in the case of an N Covered Bond, in the manner provided in the relevant N Covered Bond Conditions (if applicable). Upon the execution of such documents and

compliance with such requirements, the New Company shall be deemed to be named in the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents in place of the Issuer (or in each case in place of the previous substitute under this Clause 21.1 (*Substitution*)) under the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents and the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents to the Issuer shall, unless the context otherwise requires, be deemed to be or include references to the New Company.

21.2 Consolidation, Merger, Amalgamation or Transfer

- (a) The Issuer may (without the consent of the Covered Bondholders, Receiptholders or Couponholders of any Series or any other Secured Creditor (including the Bond Trustee and the Security Trustee) where the new entity is a corporation organised under the laws of the United Kingdom or any political subdivision thereof) consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation (where the surviving entity or transferee company is not the Issuer, such surviving entity or transferee company shall be referred to as the **New Entity**).
- (b) The following further conditions shall apply to Clause 21.2(a) (*Substitution*) above:
- (i) the Issuer and the LLP shall each deliver to the Bond Trustee and the Security Trustee a certificate signed by two directors of the Issuer and, in the case of the LLP, a Designated Member of the LLP stating that immediately after giving effect to such transaction no Issuer Event of Default or Potential Issuer Event of Default (in respect of the Issuer) and no LLP Event of Default or Potential LLP Event of Default (in respect of the LLP), shall have occurred and be continuing;
 - (ii) where the surviving entity or transferee company is not the Issuer, the Issuer shall procure that the New Entity shall execute a trust deed and give other forms of undertaking in form and manner satisfactory to the Bond Trustee, agreeing to be bound by the provisions of the trust presents and the other Transaction Documents to which the Issuer is a party with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the New Entity had been named in the trust presents and such other Transaction Documents as the principal debtor in place of the Issuer (or in each case of the previous substitute under this Clause 21.2 (*Consolidation, Merger, Amalgamation or Transfer*));
 - (iii) a Rating Agency Confirmation is provided;
 - (iv) where the surviving entity or transferee company is not the Issuer, where the New Entity is domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the New Entity in terms corresponding to the provisions of Condition 7 (*Taxation*) of the Programme Conditions or, in the case of an N Covered Bond, the provisions of the relevant N Covered Bond Conditions (if applicable) with the substitution for (or, as the case may be, the addition to) the references to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax of references to that other or additional territory in which the New Entity is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and, where such undertaking or

- covenant is provided, references in Condition 6.2 (*Redemption for taxation reasons*) of the Programme Conditions or, in the case of an N Covered Bond, references in the equivalent Condition of the relevant N Covered Bond Conditions (if applicable) to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax shall be deemed to be amended accordingly;
- (v) the Covered Bond Guarantee remaining in place *mutatis mutandis* in relation to the obligations of the New Entity;
 - (vi) the Issuer and the LLP shall deliver to the Bond Trustee legal opinions obtained from lawyers approved by the Bond Trustee in (a) England and Wales and (b) the jurisdiction of incorporation of the New Entity, in each case in form and substance satisfactory to the Bond Trustee;
 - (vii) if at the time of any consolidation, merger, amalgamation or transfer, the Programme has been registered under the RCB Regulations, any New Entity is included in the register of regulated covered bonds pursuant to the RCB Regulations and that all other provisions of the RCB Regulations and the RCB Sourcebook (including Regulation 20 of the RCB Regulations) are satisfied prior to the consolidation, merger, amalgamation or transfer of the Issuer pursuant to this Clause 21.2(b);
 - (viii) the Directors of the New Entity shall certify that the New Entity is solvent at the time at which the said consolidation, merger, amalgamation or transfer is proposed to be effected (which certificate the Bond Trustee may rely upon absolutely) and the Bond Trustee shall not have regard to the financial condition, profits or prospects of the New Entity or compare the same with those of the Issuer or of any previous substitute under this sub-clause; and
 - (ix) the Issuer and (where applicable) the New Entity comply with such other reasonable requirements as the Bond Trustee may direct in the interests of the Covered Bondholders;
- (c) Any such trust deed executed and/or undertakings given in this Clause 21.2 shall, if so expressed, operate to release the Issuer (as the case may be) or the previous substitute as aforesaid from all of its obligations under the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents. Not later than 14 days after such consolidation, merger, amalgamation and/or transfer, the New Entity shall give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 13 (*Notices*) of the Programme Conditions or, in the case of an N Covered Bond, the equivalent Condition of the relevant N Covered Bond Conditions (if applicable). Upon the execution of such documents and compliance with such requirements, the New Entity shall be deemed to be named in the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents to which the Issuer is a party as the principal debtor in place of the Issuer (where the New Entity is the successor entity or transferee company of the Issuer) (or in each case in place of the previous substitute under this Clause 21.2 (*Consolidation, Merger, Amalgamation or Transfer*)) under the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents and the trust presents, the Covered Bonds, the Receipts, the Coupons and the other relevant Transaction Documents shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in the trust presents, the Covered Bonds, the Receipts, the Coupons and the other relevant Transaction Documents to the Issuer shall, unless the context otherwise requires, be deemed to be or include references to the New Entity.

22. BREACH

Any breach of or failure to comply by the Issuer or the LLP with any such terms and conditions as are referred to in Clauses 20.1 (*Waiver and Authorisation*) or 20.2 (*Modification*) shall constitute a default by the Issuer or the LLP in the performance or observance of a covenant or provision binding on it under or pursuant to the trust presents.

23. HOLDER OF DEFINITIVE COVERED BOND ASSUMED TO BE RECEIPHOLDER AND COUPONHOLDER

- 23.1 Wherever in the trust presents the Bond Trustee is required or entitled to exercise a power, trust, authority or discretion under the trust presents, except as ordered by a court of competent jurisdiction or as required by applicable law, the Bond Trustee shall, notwithstanding that it may have express notice to the contrary, assume that each holder of a Bearer Definitive Covered Bond is the holder of all Receipts and Coupons appertaining to such Bearer Definitive Covered Bond.
- 23.2 Neither the Bond Trustee nor the Issuer shall be required to give any notice to the Receiptholders or Couponholders for any purpose under the trust presents and the Receiptholders or Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Covered Bonds in accordance with Condition 13 (*Notices*) of the Programme Conditions.

24. NEW BOND TRUSTEE

The power to appoint a new bond trustee of the trust presents shall be vested solely in the Issuer and the LLP jointly but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Covered Bondholders of all Series taken together as a single Series. One or more persons may hold office as bond trustee or bond trustees of the trust presents but such bond trustee or bond trustees shall be or include a Trust Corporation. Whenever there shall be more than two bond trustees of the trust presents the majority of such bond trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Bond Trustee by the trust presents PROVIDED THAT a Trust Corporation shall be included in such majority. Any appointment of a new bond trustee of the trust presents shall as soon as practicable thereafter be notified by the Issuer to the Principal Paying Agent, the Registrar, the Security Trustee and the Covered Bondholders in accordance with Condition 13 (*Notices*) of the Programme Conditions or, in the case of an N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable).

25. SEPARATE AND CO-BOND TRUSTEES

Notwithstanding the provisions of Clause 24 (*New Bond Trustee*) above, the Bond Trustee may, upon giving reasonable prior written notice to the Issuer and the LLP (after consultation with the Issuer and the LLP but without the consent of the Issuer, the LLP, the Covered Bondholders, Receiptholders or Couponholders), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate bond trustee or as a co-bond trustee jointly with the Bond Trustee:

- (a) if the Bond Trustee considers such appointment to be in the interests of the Covered Bondholders and/or the Receiptholders and/or the Couponholders;
- (b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or

- (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of the trust presents against the Issuer or the LLP.

Each of the Issuer and the LLP irrevocably appoints the Bond Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of the trust presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Bond Trustee by the trust presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Bond Trustee shall have power in like manner to remove any such person by written notice to the Issuer and the LLP. Such reasonable remuneration as the Bond Trustee may pay to any such person, together with any attributable Liabilities incurred by it in performing its function as such separate bond trustee or co-bond trustee, shall for the purposes of the trust presents be treated as Liabilities incurred by the Bond Trustee.

26. BOND TRUSTEE'S RETIREMENT AND REMOVAL

A bond trustee of the trust presents may retire at any time on giving not less than three (3) months' prior written notice to the Issuer, the LLP and the Security Trustee without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Covered Bondholders may by Extraordinary Resolution of the Covered Bondholders of all Series taken together as a single Series remove any bond trustee or bond trustees for the time being of the trust presents. Each of the Issuer and the LLP undertakes that in the event of the only bond trustee of the trust presents which is a Trust Corporation giving notice under this Clause 26 (*Bond Trustee's Retirement and Removal*) or being removed by Extraordinary Resolution it will use all reasonable endeavours to procure that a new bond trustee of the trust presents being a Trust Corporation is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such bond trustee shall not become effective until a successor bond trustee being a Trust Corporation is appointed. If, in such circumstances, no appointment of such new bond trustee has become effective within 60 days of the date of such notice or Extraordinary Resolution, the Bond Trustee shall be entitled to appoint a Trust Corporation as bond trustee of the trust presents, but no such appointment shall take effect unless previously approved by an Extraordinary Resolution.

27. BOND TRUSTEE'S POWERS TO BE ADDITIONAL

The powers conferred upon the Bond Trustee by the trust presents shall be in addition to any powers which may from time to time be vested in the Bond Trustee by the general law or as a holder of any of the Covered Bonds, Receipts, Coupons or Talons.

28. NOTICES

Any notice or demand to be given pursuant to this Deed shall be sufficiently served if sent by prepaid first class post, by hand, facsimile transmission or electronic transmission via email, if applicable, and shall be deemed to be given (in the case of facsimile transmission or electronic transmission via email) when despatched, (where delivered by hand) on the day of delivery if delivered before 5.00 p.m. (London time) on a London Business Day or on the next London Business Day if delivered thereafter or on a day which is not a London Business Day or (in the case of first class post) when it would be received in the ordinary course of the post and shall be sent:

- (a) in the case of the Issuer, to TSB Bank plc, TSB Treasury, 1st Floor, Barnwood 2, Barnett Way, Gloucester GL4 3DU (facsimile number: +44 (0)207 003 9357, email: securedfunding@tsb.co.uk) for the attention of Secured Funding;

- (b) in the case of the LLP, to TSB Covered Bonds LLP, c/o Intertrust Management Limited 1 Bartholomew Lane, London EC2N 2AX (facsimile number +44 (0)207 398 6325, email: directors-uk@intertrustgroup.com) for the attention of The Directors; and
- (c) in the case of the Bond Trustee and Security Trustee, to Citicorp Trustee Company Limited (registered number 0235414), Citigroup Centre, 25 Canada Square, Canary Wharf, London, E14 5LB (facsimile number +44(0)207 500 5877, email: abs.mbsadmin@citi.com) for the attention of Agency and Trust,

or to such other address or facsimile number or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this Clause 28 (*Notices*).

29. ENTIRE AGREEMENT

This Deed constitutes the entire agreement and understanding between the parties in relation to the subject matter hereof and cancels and replaces any other agreement or understanding in relation thereto.

30. ASSIGNMENT

None of the Issuer, LLP, Security Trustee or Bond Trustee may assign or transfer any of its rights or obligations under this Deed without the prior written consent of the Security Trustee and the Bond Trustee except as provided for in the Transaction Documents.

31. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- 31.1 The trust presents, the Covered Bonds, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with, English law.
- 31.2 Each party to this Deed hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Deed (including a dispute relating to any non-contractual obligations arising out of or relating to this Deed) and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Deed hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding.

32. THIRD PARTY RIGHTS

A person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed.

33. COUNTERPARTS AND SEVERABILITY

- 33.1 This Deed and any trust deed supplemental hereto may be executed and delivered in any number of counterparts (manually or by facsimile) and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which, taken together, shall constitute one and the same instrument.
- 33.2 Where any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under

this Deed, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

IN WITNESS whereof this Trust Deed has been executed as a deed by the Issuer, the LLP, the Security Trustee and the Bond Trustee and delivered on the date first stated on page 1.

SCHEDULE 1

TERMS AND CONDITIONS OF THE COVERED BONDS

With the exception of the N Covered Bonds, the following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into each 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 at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. Reference should be made to "Form of the Covered Bonds" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.

This Covered Bond is one of a Series (as defined below) of Covered Bonds constituted by a trust deed dated 24 February 2017 and as modified and/or supplemented and/or restated as at the date of issue of the Covered Bonds (the **Issue Date**), the **Trust Deed**) between TSB Bank plc (the **Issuer**), TSB Covered Bonds LLP (the **LLP**) and Citicorp Trustee Company Limited as the Bond Trustee and the Security Trustee (the **Bond Trustee** and the **Security Trustee**), which expressions shall include all persons for the time being the bond trustee(s), or security trustee(s) respectively under the Trust Deed and the Deed of Charge (as defined below). These Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes (amongst other things) the form of the Bearer Covered Bonds, Receipts, Coupons and Talons referred to below. An Agency Agreement dated 24 February 2017 (as modified and/or supplemented and/or restated from time to time, the **Agency Agreement**) has been entered into in relation to the Covered Bonds between the Issuer, the LLP, the Bond Trustee, the Security Trustee, Citibank, N.A., London Branch as registrar and principal paying agent and the other agents named in it. The principal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the **Principal Paying Agent**, the **Paying Agents** (which expression shall, where the context so permits, include the Principal Paying Agent), the **Registrar**, the **Transfer Agents** (which expression shall, where the context so permits, include the Registrar) and the **Calculation Agent(s)**. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge by appointment during usual business hours at the registered office of the Principal Paying Agent (at the Principal Paying Agent's option, such inspection may be provided electronically).

Save as provided for in Conditions 9 (*Events of Default, Acceleration and Enforcement*) and 14 (*Meetings of Covered Bondholders, Modification and Waiver*), references herein to the **Covered Bonds** shall be references to the Covered Bonds of this Series and shall mean:

- (a) any global covered bond representing Covered Bonds (a **Global Covered Bond**);
- (b) in relation to any Covered Bonds represented by a Global Covered Bond, units of each Specified Denomination in the Specified Currency;
- (c) any Definitive Covered Bonds in bearer form (**Bearer Definitive Covered Bonds**) issued in exchange for a Global Covered Bond in bearer form; and
- (d) any Definitive Covered Bonds in registered form (**Registered Definitive Covered Bonds** and, together with Bearer Definitive Covered Bonds, **Definitive Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form).

The Final Terms for the Covered Bonds (or the relevant provisions thereof) attached to this Covered Bond supplements these Terms and Conditions (the **Terms and Conditions**). References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) endorsed on or attached to this Covered Bond.

The Bond Trustee acts for the benefit of the holders for the time being of the Covered Bonds (the **Covered Bondholders**, which expression shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below), the holders of the receipts for the payment of instalments of

principal (other than the final instalment) attached on issue to Bearer Definitive Covered Bonds repayable in instalments (the **Receipts**) (the **Receiptholders**) and the holders of the interest coupons in respect of Bearer Definitive Covered Bonds (the **Coupons**) (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the talons for further Coupons in respect of interest-bearing Bearer Definitive Covered Bonds (the **Talons**)), and for the 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 (i) expressed to be consolidated and form a single series and (ii) 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 the Guaranteed Amounts in respect of the Covered Bonds as and when the same shall become Due for Payment, but only after service of a Notice to Pay on the LLP following service of an Issuer Acceleration Notice on the Issuer (after the occurrence of an Issuer Event of Default) or service of an LLP Acceleration Notice and a Notice to Pay on the LLP (after the occurrence of an LLP Event of Default).

The security for the obligations of the LLP under the Covered Bond Guarantee and the other Transaction Documents to which it is a party has been created in and pursuant to, and on the terms set out in, a deed of charge (such deed of charge as amended and/or supplemented and/or restated from time to time, the **Deed of Charge**) dated on or about the Programme Date and made between the LLP, the Bond Trustee, the Security Trustee and certain other Secured Creditors.

These Terms and Conditions include summaries of, and are subject to, the provisions of the Trust Deed, the Deed of Charge and the Agency Agreement.

Copies of the Trust Deed, the Deed of Charge, the Master Definitions and Construction Agreement (as defined below), the Agency Agreement and each of the other Transaction Documents are available for inspection by appointment during normal business hours at the office for the time being of the Principal Paying Agent being at Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB (at the Principal Paying Agents option, such copies may be provided electronically). 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 registered office of the Issuer and by appointment at the office of the Principal Paying Agent (at the Principal Paying Agents option, such copies may be provided electronically) or can be viewed online at the Issuer's website www.tsb.co.uk/investors/debt-investors). The Covered Bondholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed, the Deed of Charge, the Master Definitions 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 of the Final Terms relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Terms and Conditions (including the preceding paragraphs) shall bear the meanings given to them in the applicable Final Terms and/or the master definitions and construction agreement made between the parties to the Transaction Documents on or about the Programme Date (as 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 (each, a **Bearer Covered Bond**) or in registered form (each, a **Registered Covered Bond**) as specified in the applicable Final Terms and, in the case of Definitive Covered Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination and Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and vice versa.

This Covered Bond may be denominated in any Specified Currency.

Subject to confirmation from the Rating Agency prior to the issuance of this Covered Bond 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 and may be an Instalment Covered Bond.

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 Terms and Conditions are not applicable.

Bearer Definitive Covered Bonds are issued with Receipts, unless they are not Instalment Covered Bonds, in which case references to Receipts and Receiptholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery, and title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the LLP, the Paying Agents, the Security Trustee and the Bond Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Covered Bond, Receipt or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of or, as the case may be, registered in the name of a common depositary or common safekeeper (as the case may be) for, Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, S.A (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg 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 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, without limitation, Euroclear's EUCLID or Clearstream, Luxembourg'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 the expressions **Covered Bondholder** and **holder of Covered Bonds** and related expressions shall be construed accordingly.

Interests in 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 Euroclear or Clearstream, Luxembourg or any other relevant clearing system, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms.

2. Transfers of Registered Covered Bonds

(a) *Transfer of Registered Covered Bonds*

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by 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 exchangeable for Registered Definitive Covered Bonds 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 Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

Transfers of Registered Covered Bonds in definitive form

Subject as provided in Conditions 2(b) (*Registration of transfer upon partial redemption*), 2(c) (*Costs of registration*), 2(d) (*Transfers of interests in Registered Global Covered Bonds in the United States or to U.S. persons*), upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Definitive Covered Bond 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 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 Definitive Covered Bond of a like aggregate nominal amount to the Registered Definitive Covered Bond (or the relevant part of the Registered Definitive Covered Bond) transferred.

In the case of the transfer of part only of a Registered Definitive Covered Bond, a new Registered Definitive Covered Bond in respect of the balance of the Registered Definitive Covered Bond not transferred will (in addition to the new Registered Definitive Covered Bond in respect of the nominal amount transferred) be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

(b) *Registration of transfer upon partial redemption*

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

(c) *Costs of registration*

Covered Bondholders 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, Registrar or Transfer Agent may require the payment of a sum sufficient to cover any stamp duty, taxes or any other governmental charge that may be imposed in relation to the registration.

(d) *Transfers of interests in Registered Global Covered Bonds in the United States or to U.S. persons*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Registered Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

3. Status and Security

(a) *Status of the Covered Bonds*

The Covered Bonds and any relative Receipts and Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than any obligations preferred by mandatory provisions of applicable law.

(b) *Status of the Covered Bond Guarantee*

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment has been unconditionally and irrevocably guaranteed by the LLP pursuant to a guarantee (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 when the same shall become Due for Payment under the Covered Bonds or the Trust Deed until service of a Notice to Pay by the Bond Trustee on the Issuer and the LLP (which the Bond Trustee will be required to serve following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice by the Bond Trustee on the Issuer) or, if earlier, the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice by the Bond Trustee on the LLP. The obligations of the LLP under the Covered Bond Guarantee are, subject as aforesaid, direct, 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, Acceleration and Enforcement*)) discharge *pro tanto* the obligations of the Issuer in respect of such payment under the Covered Bonds, Receipts and Coupons respectively, except to the extent that such payment by the LLP has been declared void, voidable or otherwise recoverable and recovered from the Bond Trustee or the Covered Bondholders.

(c) *Security*

As security for the LLP's obligations under the Covered Bond Guarantee and the other Transaction Documents 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 and other Calculations

4.1 *Interest on Fixed Rate Covered Bonds*

Each Fixed Rate Covered Bond bears interest from (and including) 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 Terms and Conditions, in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date, 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 Interest Period (as defined in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) ending on (but excluding) such date will amount to 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 so specified.

Except in the case of Covered Bonds where an applicable 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 Principal Amount Outstanding (as defined in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) but subject to Condition 4.4 (*Accrual of interest*)) of the Fixed Rate Covered Bonds represented by such Global Covered Bond; or (ii) in the case of Fixed Rate Covered Bonds in definitive form, the Calculation Amount; and in each case, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)), and rounding the resultant figure to the nearest sub-unit (as defined in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) 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 is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the product of the amount (determined in the manner provided above) for each Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

4.2 *Interest on Floating Rate Covered Bonds*

(a) Interest Payment Dates

Each Floating Rate Covered Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear 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.

(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 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 determinations(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 sub-paragraph (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 under an interest rate swap transaction if the Principal Paying Agent or

that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the **ISDA Definitions**), and under which:

- (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; and
- (C) unless otherwise stated in the applicable Final Terms, the relevant Reset Date is, if the applicable Floating Rate Option is based on EURIBOR for a currency, the first day of that Interest Period.

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

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Covered Bonds*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate in respect of the Floating Rate Covered Bonds is specified as being a rate other than SONIA, 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(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (**Relevant Financial Centre time**) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of those quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 4.2(b)(ii)(A), no offered quotation appears or if, in the case of Condition 4.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, 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 the Specified Time on the Interest Determination Date in question and the Issuer or an agent appointed by it shall notify the Calculation Agent or 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 fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as

appropriate) the Margin (if any), as determined by the Calculation Agent or Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer or an agent appointed by it with an offered quotation as provided in the paragraph above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent or 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 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 the Specified Time 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 the Euro-zone interbank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the 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 the Specified Time 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 that it is quoting to leading banks in the Euro-zone interbank market (if the Reference Rate is EURIBOR) 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 Condition 4, 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).

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_o*, 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) 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) $SONIA_i$, 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:

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

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.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), but without prejudice to Condition 14.3 (*Additional Right of Modification and Waiver*), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first Interest Period had the Covered Bonds been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

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

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:

$$\left[\frac{\sum_{i=1}^{d_0} SONIA_i \times n}{d} \right] \times \frac{365}{d}$$

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. To the extent that any amendments or modifications to the Conditions or the Transaction Documents are required in order for the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) to follow such guidance in order to determine SONIA_i, 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 have no obligation to act until such amendments or modifications have been made in accordance with the Conditions and the Transaction Documents.

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, Acceleration 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 4.5 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:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_{i-pUSBD} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

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;

d₀ 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-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:

$$\left(\frac{SOFRIndex_{nd}}{SOFRIndex_{start}} - 1 \right)^d d_c \frac{360}{d_c}$$

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 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 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:

$$\left[\frac{\sum_{i=1}^{d_0} SOFR_{i-pUSBD} \times n_i}{d} \right] \times \frac{360}{d}$$

where **d**, **d₀**, **i**, **n_i**, **p** and **SOFR_{i-pUSBD}** have the meanings set out under the section entitled Compounded Daily SOFR (*Non-Index Determination*) above.

€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:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{€STR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

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_o , 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 TARGET2 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 €STR _{i} 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. To the extent that any amendments or modifications to the Conditions or the Transaction Documents are required in order for the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) to follow such guidance in order to determine 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 have no obligation to act until such amendments or modifications have been made in accordance with the Conditions and the Transaction Documents.

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

If the applicable Final Terms for a Floating Rate Covered Bond specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is

less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms for a Floating Rate Covered Bond specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Covered Bonds will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Covered Bonds for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Covered Bonds which are represented by a Global Covered Bond, the Principal Amount Outstanding (subject to Condition 4.4 (*Accrual of interest*)) of the Covered Bonds represented by such Global Covered Bond; or
- (ii) in the case of Floating Rate Covered Bonds in definitive form, the Calculation Amount,

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 Floating Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(e) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified in writing to the Issuer, the LLP, the Bond Trustee, the Registrar, the other Paying Agents, the Covered Bondholders 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 or trading and to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day (as defined in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) 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, quoted and/or traded or by which they have been admitted to listing or trading and to Covered Bondholders in accordance with Condition 13 (*Notices*).

(f) *(Reserved)*

(g) 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, whether by the Principal Paying Agent, the Registrar, the Calculation Agent or the Bond Trustee shall (in the absence of wilful default, manifest error, gross negligence or fraud) be binding on the Issuer, the LLP, the Principal Paying Agent, the Registrar, the Calculation Agent, the other Paying Agents, the Bond Trustee and all Covered Bondholders, Receiptholders and Couponholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer, the LLP, the Covered Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Registrar, the 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.

(h) Interest on Zero Coupon Covered Bonds

Where a Covered Bond the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Final Maturity Date and is not paid when due, the amount due and payable prior to the Final Maturity Date shall be the Early Redemption Amount of such Covered Bond.

4.3 *Interest following a Notice to Pay*

If a Notice to Pay is served on the LLP, the LLP shall, in accordance with the terms of the Trust Deed, pay Guaranteed Amounts corresponding to the amounts of interest described under Condition 4.1 (*Interest on Fixed Rate Covered Bonds*) or 4.2 (*Interest on Floating Rate Covered Bonds*) (as the case may be) under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates and, if applicable, the Extended Due for Payment Date.

4.4 *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 or unless default is otherwise made in respect of payment, in which event, interest will continue to accrue at the Rate of Interest in the manner provided in this Condition 4 to (but excluding) the Relevant Date (as defined in Condition 7 (*Taxation*)).

4.5 *Business Day, Business Day Convention, Day Count Fractions and other adjustments*

(a) In these Terms and Conditions, **Business Day** means:

(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 London and any Additional Business Centre specified in the applicable Final Terms; and

(ii) either (A) 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 or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto (the **T2**) is open.

(b) 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)(ii) (*Interest on Floating Rate Covered Bonds*), the **Floating Rate Convention**, such Interest Payment Date (1) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis*, or (2) in the case of (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 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; or
 - (iv) the **Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.
- (c) **Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:
- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
 - (A) 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 (as defined in Condition 4.5(d)) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Covered Bonds where the Accrual Period is longer than one Determination Period, the sum of (I) 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 (II) 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;
 - (ii) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
 - (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
 - (iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
 - (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

- (vi) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{\text{Day Count Fraction} = [360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vii) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{\text{Day Count Fraction} = [360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (viii) if **30E/360(ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{\text{Day Count Fraction} = [360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D2 will be 30; or

(ix) such other Day Count Fraction as may be specified in the applicable Final Terms.

- (d) **Determination Period** means each period from (and including) a Determination Date (as specified in the applicable Final Terms) 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).
- (e) **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.
- (f) **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 Covered Bondholder in respect thereof on or prior to that day.
- (g) If **adjusted** is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as each such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention.
- (h) If **not adjusted** is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, but such Interest Payment Dates shall not be adjusted in accordance with any Business Day Convention.
- (i) **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.

4.6 *Other Calculations*

Provisions relating to the determination, calculation and/or notification of any Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount shall be set out in Condition 6 (*Redemption and Purchase*).

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 maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and

- (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 U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 5, 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)), 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 any jurisdiction 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 U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof or any law implementing an intergovernmental approach thereto. References to Specified Currency will include any successor currency under applicable law.

5.2 *Presentation of Bearer Definitive Covered Bonds, Receipts and Coupons*

Payments of principal and interest (if any) will (subject as provided below) be made in accordance with Condition 5.1 (*Method of payment*) only against presentation and surrender of Bearer Definitive Covered Bonds, Receipts or Coupons (or, in the case of part payment of any sum due, endorsement of the Bearer Definitive Covered Bond (or Coupon)), as the case may be, only at a specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments (if any) of principal other than the final instalment, will (subject as provided below) be made in accordance with Condition 5.1 (*Method of payment*) only against presentation and surrender (or, in the case of part of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in accordance with Condition 5.1 (*Method of payment*) only against presentation or surrender (or, in the case of part of any sum due, endorsement) of the Definitive Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Bearer Definitive Covered Bond to which it appertains. If any Bearer Definitive Covered Bond is redeemed or becomes repayable prior to the stated maturity thereof, principal will be payable in accordance with Condition 5.1 (*Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum, endorsement) of such Bearer Definitive Covered Bond together with all unmatured Receipts appertaining thereto. Receipts presented without the Bearer Definitive Covered Bond to which they appertain and unmatured Receipts do not constitute valid obligations of the Issuer or the LLP. On the date on which any Bearer Definitive Covered Bond becomes due and payable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect of them.

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) (as defined below) 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 10 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, five years from the date on which such Coupon would otherwise have become due but in no event thereafter.

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 an LLP Acceleration Notice) or by the LLP under the Covered Bond Guarantee (if a Notice to Pay or an LLP Acceleration Notice has been served) 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 due 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 presentation and 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 and otherwise in the manner specified in the relevant Bearer Global Covered Bond against presentation or surrender, as the case may be, of such Bearer Global Covered Bond if the Bearer Global Covered Bond is not intended to be issued in NGCB form at the specified office of any Paying Agent outside the United States. On the occasion of each payment, (i) in the case of any Bearer Global Covered Bond which is not issued in NGCB form, a record of such payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond by the Paying Agent and such record shall be prima facie evidence that the payment in question has been made and (ii) in the case of any Global Covered Bond which is issued in NGCB form, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

No payments of principal, interest or other amounts due in respect of a Bearer Global Covered Bond will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

5.4 *Payments in respect of Registered Covered Bonds*

Payments of interest and payments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made in accordance with Condition 5.1 (*Method of payment*) 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**) (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 (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 (the **Record Date**).

Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

Notwithstanding the previous sentences, if (i) a holder does not have a Designated Account, or (ii) the principal amount of the Covered Bonds held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition 5.4 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.

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 *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 obligations of the Issuer or 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 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 Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or the LLP to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or, as provided in the Trust Deed, the Bond Trustee) shall have any claim against the Issuer or the LLP in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition 5.5, payments of principal and/or interest in respect of Bearer Covered Bonds in U.S. Dollars will only be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and/or interest on the Bearer Covered Bonds in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (c) 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.

5.6 *Payment Day*

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day in the relevant place and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition 5.6 (unless otherwise specified in the applicable Final Terms), **Payment Day** means any day which (subject to Condition 8 (*Prescription*)) 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:
 - (i) in the case of Covered Bonds in definitive form only, the relevant place of presentation;
 - (ii) London; and
 - (iii) any Additional Financial Centre specified in the applicable Final Terms; and
- (b) 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 or (2) in relation to any sum payable in euro, a day on which the T2 is open.

5.7 *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Covered Bonds;
- (c) the Early Redemption Amount of the Covered Bonds but excluding any amount of interest referred to therein;
- (d) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (e) in relation to Covered Bonds redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 6.7 (*Early Redemption Amounts*));
- (g) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and
- (h) any Excess Proceeds which may be payable by the Bond Trustee to the LLP in respect of the Covered Bonds.

Any reference in these Terms and 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.

5.8 *Definitions*

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

Calculation Amount has the meaning given in the applicable Final Terms.

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 Fixed Rate Covered Bonds and Floating Rate Covered Bonds, as determined in, or as determined in the manner specified in, the applicable Final Terms.

Treaty means the Treaty on the Functioning of the European Union, 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, Acceleration and Enforcement*), if an Extended Due for Payment Date is specified 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 Final Terms (in each case after the expiry of the grace period set out in Condition 9.1 (*Issuer Events of Default*)) and following 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 which falls two Business Days after service of a Notice to Pay on the LLP or, if later, the Final Maturity Date (in each case after the expiry of the grace period set out in Condition 9.2 (*LLP Events of Default*)) and (b) the Extension Determination Date, under the Covered Bond Guarantee, then (subject as provided below) payment of the unpaid portion of the Final Redemption 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 (a) and (b) above will be paid by the LLP to the extent it has sufficient moneys available under the Guarantee Priority of Payments on any Interest Payment Date thereafter up to (and including) the relevant Extended Due for Payment Date.

The LLP shall notify the relevant Covered Bondholders (in accordance with Condition 13 (*Notices*)), the Rating Agency, the Bond Trustee, the Security Trustee, the Principal Paying Agent and (in the case of Registered Covered Bonds) the Registrar as soon as reasonably practicable and in any event at least one Business Day prior to the date specified in (a) or (b) of the preceding paragraph (as appropriate) 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 shall any rights accrue to any of them by virtue thereof.

In the circumstances outlined above, the LLP shall on the earlier of (a) the date falling two Business Days after service of a Notice to Pay or, if later, the Final Maturity Date (in each case after the expiry of the grace period set out in Condition 9.2 (*LLP Events of Default*)), 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 corresponding part of 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 liabilities of the LLP under the Covered Bond Guarantee in connection with this Condition 6.1.

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 the relevant Covered Bond is a Fixed Rate Covered Bond or a non-interest-bearing Covered Bond) or on any Interest Payment Date (if the relevant Covered Bond is a Floating Rate Covered Bond or any other interest bearing Covered Bond other than a Fixed Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 13 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that on the occasion of the next date for payment of interest on the relevant Covered Bonds, that the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*). Covered Bonds redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.7 (*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)*

Subject to Condition 6.4 (*Redemption at the option of the Covered Bondholders (Investor Put)*), if an Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than five nor more than 30 days' notice (or such other period of notice as may be specified in the applicable Final Terms) to the Bond Trustee, the Principal Paying Agent, the Registrar (in the case of the redemption of Registered Covered Bonds) and, in accordance with Condition 13 (*Notices*), the Covered Bondholders (which notice shall be irrevocable) redeem all or some only 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). The Issuer shall be bound to redeem the Covered Bonds on the date specified in the notice. In the event of a redemption of some only of the Covered Bonds, such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount (if any) 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 Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 30 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 15 days (or such shorter period as may be specified in the applicable Final Terms) prior to the date fixed for redemption. 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 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 13 (*Notices*) at least five days (or such shorter period as is specified in the applicable Final Terms) prior to the Selection Date.

6.4 *Redemption at the option of the Covered Bondholders (Investor Put)*

If Investor Put is specified as being applicable in the Final Terms (the **Investor Put**), then if and to the extent specified in the applicable Final Terms, upon the holder of this Covered Bond giving to the Issuer, in accordance with Condition 13 (*Notices*), not less than 15 nor more than 30 days' (or such other notice period specified in the applicable Final Terms) notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice provided that the Cash Manager has notified the Bond Trustee in writing that there will be sufficient funds available to pay any termination payment due to the relevant Covered Bond Swap Provider(s), redeem subject to, and in accordance with, the terms specified in the applicable Final Terms in whole (but not in part) such Covered Bond on the Optional Redemption Date and at the relevant Optional Redemption Amount

as 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. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied and, where relevant, the provisions will be set out in the applicable Final Terms.

If the relevant Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond, the holder of the relevant Covered Bond must (in the case of Bearer Covered Bonds) deliver such Covered Bond (together with all unmatured Receipts and Coupons and unexchanged Talons), on any Business Day falling within the above-mentioned notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise of the Investor Put in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) within the notice period and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 6.4. In the case of Registered Covered Bonds, the holder of the Covered Bond must deliver the certificate representing such Covered Bond to the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Put Notice in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the above-mentioned notice period. No Covered Bond or certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

6.5 *Redemption due to illegality or invalidity*

- (a) The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bond Trustee, the Principal Paying Agent, the Registrar (if applicable) and, in accordance with Condition 13 (*Notices*), all Covered Bondholders (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 under 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.
- (b) Covered Bonds redeemed pursuant to Condition 6.5(a) above will be redeemed at their Early Redemption Amount referred to in Condition 6.7 (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.6 *General*

Prior to the publication of any notice of redemption pursuant to Condition 6.2 (*Redemption for taxation reasons*) or 6.5(a) (*Redemption due to illegality or invalidity*), the Issuer shall deliver to the Bond Trustee a certificate signed by two Directors stating that the Issuer is entitled or required to effect such redemption in accordance with Condition 6.2 (*Redemption for taxation reasons*) or 6.5(a) (*Redemption due to illegality or invalidity*) and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the Issuer's rights or obligation (as applicable) under Conditions 6.2 (*Redemption for taxation reasons*) or 6.5(a) (*Redemption due to illegality or invalidity*) in which event it shall be conclusive and binding on all Covered Bondholders, Receiptholders and Couponholders.

6.7 *Early Redemption Amounts*

For the purpose of Conditions 6.2 (*Redemption for taxation reasons*) and 6.5(a) (*Redemption due to illegality or invalidity*) and Condition 9 (*Events of Default, Acceleration and Enforcement*), each Covered Bond will be redeemed (unless otherwise stated in the applicable Final Terms) at its Early Redemption Amount calculated as follows:

- (a) in the case of a Covered Bond other than a Zero Coupon Covered Bond (but including an Instalment 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 Principal Amount

Outstanding, together with interest accrued to (but excluding) the date fixed for redemption; and

- (b) in the case of a Zero Coupon Covered Bond, at an amount (the **Amortised Face Amount**) equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

Where such calculation in paragraph (b) above 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).

6.8 *Instalments*

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 6.7 (*Early Redemption Amounts*).

6.9 *Purchases*

The Issuer or any of its subsidiaries (including the LLP), or any holding company of the Issuer or any other subsidiary of any such holding company may at any time purchase or otherwise acquire Covered Bonds (provided that, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are attached thereto or surrendered therewith) at any price and in any manner. If purchases are made by tender, tenders must be available to all the Covered Bondholders 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).

6.10 *Cancellation*

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6.9 (*Purchases*) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6.11 *Taxes*

The Issuer has undertaken in the Trust Deed to pay United Kingdom stamp and other duties or taxes (if any) on or in connection with the execution of the Trust Deed and United Kingdom, Belgian and Luxembourg stamp and other duties or taxes (if any) payable on or in connection with the constitution and original issue of any Covered Bonds and the Definitive Covered Bonds and the Receipts and the Coupons and stamp and other duties or taxes (if any) payable in the United Kingdom (but not elsewhere) solely by virtue of and in connection with any action properly taken by the Bond Trustee (or any Covered Bondholder, Couponholder, Receiptholder or holder of Talons where permitted to do so under the Trust Deed) to enforce the provisions of the Covered Bonds, Receipts, Coupons, Talons or the Trust Deed, save that the Issuer shall not be liable to pay any such stamp or other duties or taxes to the extent that the obligation arises or the amount payable is

increased by reason of the holder at the relevant time unreasonably delaying in producing any relevant document for stamping or similar process. Subject as aforesaid, the Issuer will not be otherwise responsible for stamp or other duties or taxes otherwise imposed and in particular (but without prejudice to the generality of the foregoing) for any penalties arising on account of late payment where due by the holder at the relevant time. Any such stamp or other duties or taxes that might be imposed upon or in respect of Covered Bonds in global or definitive form or the Receipts, Coupons or Talons (in each case other than as aforesaid) shall be the liability of the relevant holders thereof.

7. Taxation

All payments of principal and interest (if any) in respect of the Covered Bonds, Receipts and Coupons by or on behalf of the Issuer or the LLP, as the case may be, will be made without withholding or deduction for or on account of any present or future taxes, duties or other charges of whatsoever nature imposed or levied by or on behalf of the UK or any authority thereof or therein having power to tax, unless such withholding or deduction of such taxes, duties or other charges is required by law. In the event that any such withholding or deduction is required from a payment by, or on behalf of, the Issuer, the Issuer will pay such additional amounts of principal and interest as will result (after such withholding or deduction) in receipts by the holders of the Covered Bonds, Receipts or Coupons of the sums which would otherwise have been receivable in respect of the Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond, Receipt or Coupon:

- (a) presented for payment in the United Kingdom; or
- (b) 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
- (c) the holder of which is liable for such taxes, duties or other charges in respect of such Covered Bonds, Receipts or Coupons (as the case may be) by reason of his having some connection with the United Kingdom other than merely by reason of the holding of such Covered Bonds, Receipts or Coupons; or
- (d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days; or
- (e) presented for payment by, or on behalf of a holder that is a partnership or a holder that is not the sole beneficial owner of the Covered Bond, Receipt or Coupon, or which holds the Covered Bond, Receipt or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment.

As used herein, the **Relevant Date** means the date on which payment in respect of the Covered Bond, Receipt or Coupon first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Bond Trustee on or prior to such date, the **Relevant Date** shall be the date on which such moneys shall have been so received and notice to that effect has been given to Covered Bondholders in accordance with Condition 13 (*Notices*).

If any payments made by the LLP under the Covered Bond Guarantee are or become subject to any withholding or deduction on account of any taxes, duties or other charges of whatever nature imposed or levied by or on behalf of the United Kingdom 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 (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within 10 years (in the case of principal) and five years (in the case of interest) in each case from the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor, subject in each case to the provisions of Condition 5 (*Payments*).

The Issuer shall be discharged from its obligation to pay principal on a Registered Covered Bond to the extent that the relevant Registered Covered Bond certificate has not been surrendered to the Registrar by, or a cheque which has been duly despatched in the Specified Currency remains uncashed at, the end of the period of 10 years from the Relevant Date for such payment.

The Issuer shall be discharged from its obligation to pay interest on a Registered Covered Bond to the extent that a cheque which has been duly despatched in the Specified Currency remains uncashed at the end of the period of five years from the Relevant Date in respect of such payment.

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 or Condition 5 (*Payments*) or any Talon which would be void pursuant to Condition 5 (*Payments*).

9. Events of Default, Acceleration 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 20 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9.1 means the Covered Bonds of this Series together with the Covered Bonds of all other Series (if any) constituted by the Trust Deed) then outstanding as if they were a single Series (with the Principal Amount Outstanding 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 Covered Bondholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice (an **Issuer Acceleration Notice**) in writing to the Issuer that as against the Issuer (but not, for the avoidance of doubt, against the LLP under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with (to the extent not included in the Early Redemption Amount) 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:

- (a) if default is made by the Issuer for a period of 14 days or more in the payment of any interest or principal due in respect of the Covered Bonds;
- (b) if the Issuer fails to perform or observe any of its other obligations under the Covered Bonds, Receipts or Coupons of any Series or the Trust Deed or any other Transaction Documents to which the Issuer is a party (other than the Programme Agreement or any subscription agreement (a **Subscription Agreement**)), but excluding any obligation of the Issuer to comply with the Asset Coverage Test and (except where the Bond Trustee, in its absolute discretion, considers such failure to be incapable of remedy when no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days (or such longer period as the Bond Trustee may permit) following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied. For the avoidance of doubt, a breach by the Issuer of any of the representations or warranties provided under any of the Transaction Documents shall not constitute an Issuer Event of Default;
- (c) if an order is made or an effective resolution is passed for the winding-up of the Issuer (otherwise than for the purposes of a reconstruction or amalgamation, on terms previously approved in writing by the Bond Trustee or by an Extraordinary Resolution of all the Covered Bondholders);

- (d) if the Pre-Maturity Liquidity Test in respect of any Series of Hard Bullet Covered Bonds is breached during the Pre-Maturity Liquidity Test Breach Period, and the LLP has not cured the breach as described in the LLP Deed before the earlier to occur of:
 - (i) 10 Business Days from the date that the Seller, the LLP and the Bond Trustee are notified of the breach of the Pre-Maturity Liquidity Test; and
 - (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds;
- (e) 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; or
- (f) the Issuer shall be unable to pay its debts as they fall due (within the meaning of Section 23(1)(b) to (e) and Section 123(2) of the Insolvency Act (as those sections may be amended)) or shall admit inability to pay its debts as they fall due or shall stop making payment in respect of any debts that are due (save, in the case of stopping making payments, in each case in respect of any obligation for the payment of principal or interest in respect of the Covered Bonds of any Series) or shall be adjudged or found bankrupt or insolvent,

provided that any condition, event or act described in paragraph (b) above shall only constitute an Issuer Event of Default if the Bond Trustee shall have certified in writing to the Issuer and the LLP that such condition, event or act is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series and provided also that a breach of any obligation to provide notices, reports or other information under the RCB Regulations and/or Regulated Covered Bond Sourcebook (**RCB Sourcebook**) shall not be considered materially prejudicial to the interests of the Covered Bondholders by the Bond Trustee.

Upon the Covered Bonds becoming immediately due and payable against the Issuer pursuant to this Condition 9.1, the Bond Trustee shall forthwith serve a notice to pay (the **Notice to Pay**) on the LLP and the Issuer with a copy to the Principal Paying Agent pursuant to the Covered Bond Guarantee. If a Notice to Pay has been served, 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 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 administrator, administrative receiver, receiver, liquidator or other similar official appointed in relation to the Issuer following service of an Issuer Acceleration Notice (the **Excess Proceeds**), shall be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the LLP for its own account, as soon as practicable, and shall be held by the LLP in the Transaction Accounts and the Excess Proceeds shall thereafter form part of the Security and shall be used by the LLP in the same manner as all other moneys from time to time standing to the credit of the Transaction Accounts pursuant to the Deed of Charge and the LLP Deed. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds, Receipts and Coupons. However, the obligations of the LLP under the Covered Bond Guarantee are (following service of a Notice to Pay) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any of such obligations. By subscribing for Covered Bond(s), each Covered Bondholder 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 20 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9.2 means the Covered Bonds of this Series together with the Covered Bonds of all other Series (if any) constituted

by the Trust Deed) then outstanding as if they were a single Series (with the Principal Amount Outstanding 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 Covered Bondholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice (the **LLP Acceleration Notice**) in writing to the Issuer and the LLP, that (i) 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 the Issuer following service of an Issuer Acceleration Notice), thereupon immediately become, due and repayable at its Early Redemption Amount together with (to the extent not already included in the Early Redemption Amount) accrued interest, and (ii) 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 (to the extent not already included in the Early Redemption Amount) 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:

- (a) if default is made by the LLP for a period of seven days or more in the payment of any Guaranteed Amounts which are Due for Payment on the relevant Guaranteed Amounts Due Date in respect of the Covered Bonds of any Series except in the case of the payments of a Guaranteed Amount which is Due for Payment under Condition 6.1 (*Final redemption*) when the LLP shall be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein; or
- (b) 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 other than the Programme Agreement or any Subscription Agreement (other than the obligation to satisfy the Asset Coverage Test in accordance with Clause 11 of the LLP Deed) 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, acting in its absolute discretion, 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
- (c) if an order is made or an effective resolution passed for the liquidation or winding-up of the LLP; or
- (d) if the LLP ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (e) if the LLP is unable, or admits inability, to pay its debts generally as they fall due or shall be adjudicated or found bankrupt or insolvent; or
- (f) if 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 notice of the intention to appoint an administrator (whether out of court or otherwise)); or
- (g) a 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

- (h) if there is a failure to satisfy the Amortisation Test (as set out in the LLP Deed) on any Calculation Date following service of a Notice to Pay,

provided that any condition, event or act described in paragraph (b) above shall only constitute an LLP Event of Default if the Bond Trustee shall have certified in writing to the Issuer and the LLP that such condition, event or act is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Following service of an LLP Acceleration Notice, 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*).

Upon service of an LLP Acceleration Notice, the Covered Bondholders shall 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 (to the extent not included in the Early Redemption Amount) accrued interest and any other amount due under such Covered Bonds (other than additional amounts payable under Condition 7 (*Taxation*)) as provided in the Trust Deed.

9.3 *Enforcement*

The Bond Trustee may at any time after service of an Issuer Acceleration Notice (in the case of the Issuer) and a Notice to Pay on the LLP or an LLP Acceleration Notice (in the case of the LLP), at its discretion and without further notice, take such proceedings against the Issuer or the LLP, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Trust Deed, the Covered Bonds, the Receipts, the Coupons or any other Transaction Document to which it is a party, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds, the Receipts, the Coupons or any other Transaction Document unless (i) it shall have been so directed by an Extraordinary Resolution of all the Covered Bondholders 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 20 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together as a single Series and (where appropriate) converted into Sterling at the relevant Covered Bond Swap Rate as aforesaid) and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions under this Condition 9 the Bond Trustee shall only have regard to the interests of the Covered Bondholders of all Series together as a single Series and shall not have regard to the interests of any other Secured Creditors.

The Security Trustee may at any time after the Security has become enforceable, 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 or any other Transaction Document in accordance with its terms and take such proceedings or steps as it may think fit to enforce the Security, but it shall not be bound to take any such proceedings or steps unless (i) it shall have been so directed by an Extraordinary Resolution of all the Covered Bondholders 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 20 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together and (where appropriate) converted into Sterling at the relevant Covered Bond Swap Rate as aforesaid), and (ii) it shall have been indemnified and/or secured and/or prefunded 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 Covered Bondholders of all Series together as a single Series and shall not have regard to the interests of any other Secured Creditors.

No Covered Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the LLP or to take any action with respect to the Trust Deed, the Deed of Charge, any other Transaction Document, the Covered Bonds, the Receipts, the Coupons or the Security unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails so to do within a reasonable period and such failure shall be continuing. For the avoidance of doubt, no Covered Bondholder, Receiptholder or Couponholder shall be entitled to proceed if the Bond

Trustee or the Security Trustee, as the case may be, has notified the Covered Bondholder, the Receiptholder or Couponholder that it is considering whether or not to take the relevant action.

10. Replacement of Covered Bonds, Receipts, Coupons and Talons

If any Covered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent in London (in the case of Bearer Covered Bonds, Receipts or Coupons) or the Registrar (in the case of Registered Covered Bonds), or any other place approved by the Bond Trustee of which notice shall have been given to the Covered Bondholders 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, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen, mutilated, defaced or destroyed Covered Bond, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Covered Bond, Receipt, Coupon or Talon or further Coupon) and otherwise as the Issuer may require. Mutilated or defaced Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued. In addition, the Issuer may require the person requesting delivery of a replacement Covered Bond, Receipt, Coupon or Talon to pay, prior to delivery of such replacement Covered Bond, Receipt, Coupon or Talon, any stamp or other tax or governmental charges required to be paid in connection with such replacement. No replacement Covered Bond shall be issued having attached thereto any Receipt, Coupon or Talon, claims in respect of which shall have become void pursuant to Condition 8 (*Prescription*).

11. Principal Paying Agent, Paying Agents, Registrar and Transfer Agent

The names of the initial Principal Paying Agent, the initial Registrar, the initial Transfer Agent and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Bond Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) the Issuer will, so long as any Covered Bonds are outstanding, maintain a Paying Agent (which may be the Principal Paying Agent) having a specified office in a city in Europe, outside the UK approved by the Bond Trustee; and
- (c) so long as any Covered Bond is listed on any stock exchange or admitted to listing or trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) which may be the Principal Paying Agent, and a Transfer Agent (in the case of Registered Covered Bonds) which may be the Registrar, 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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in the United States in the circumstances described in Condition 5.5 (*General provisions applicable to payments*). Any such variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice shall have been given to the Covered Bondholders 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 Covered Bondholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bearer Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

Where:

- (a) a Talon (the **relevant Talon**) has become prescribed in accordance with Condition 8 (*Prescription*); and
- (b) the Covered Bond to which the relevant Talon pertains has not become void through prescription; and
- (c) no Coupon sheet (or part thereof, being (a) Coupon(s) and/or a Talon, hereinafter called a **part Coupon sheet**), which Coupon sheet would have been exchangeable for the relevant Talon or for any subsequent Talon bearing the same serial number pertaining to such Covered Bond, has been issued; and
- (d) either no replacement Coupon sheet or part Coupon sheet has been issued in respect of any Coupon sheet or part Coupon sheet referred to in paragraph (c) above or, in the reasonable opinion of the Issuer, there is no reasonable likelihood that any such replacement has been issued,

then upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity or security as the Issuer may reasonably require there may be obtained at the specified office of the Paying Agent (or such other place of which notice shall be given in accordance with Condition 13 (*Notices*)), a Coupon sheet or Coupon sheets or part Coupon sheet(s), as the circumstances may require, issued:

- (i) in the case of a Covered Bond that has become due for redemption (x) without any Coupon itself prescribed in accordance with Condition 8 (*Prescription*) or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Covered Bond, and (y) without any Talon or Talons, as the case may be; or
- (ii) in any other case, without any Coupon or Talon itself prescribed in accordance with Condition 8 (*Prescription*) and without any Talon pertaining to a Coupon sheet the Relevant Date of the final Coupon of which falls on or prior to the date when the Coupon sheet(s) or part Coupon sheet(s) is (are) delivered to or to the order of the claimant, but in no event shall any Coupon sheet be issued the original due date for exchange of which falls after the date of delivery of such Coupon sheet(s) as aforesaid.

For the avoidance of doubt, the provisions of this Condition 12 shall not give, or revive, any rights in respect of any Talon that has become prescribed in accordance with Condition 8 (*Prescription*).

13. Notices

All notices regarding the Bearer Covered Bonds will be valid if published in one leading English language daily newspaper of general circulation in London (expected to be the *Financial Times*) or any other daily newspaper in London approved by the Bond Trustee. The Issuer or, in the case of a notice given by the Bond Trustee or the Security Trustee, the Bond Trustee or the Security Trustee (as the case may be) shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Covered Bonds are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers or where published in such newspapers on different dates, the last date of such first publication. If publication as provided

above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Bond Trustee shall approve.

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 or trading 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. Any such notice will be deemed to have been given on the date of such publication. If the giving of notice as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Bond Trustee shall approve.

So long as the Covered Bonds are represented in their entirety by any Global Covered Bonds held on behalf of Euroclear and/or Clearstream, Luxembourg, there may be substituted for such publication in such newspaper(s) or such mailing, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Covered Bonds provided that, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to listing or trading 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 Euroclear and/or Clearstream, Luxembourg, as appropriate.

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Covered Bond in definitive form) with the relevant Covered Bond or Covered Bonds, with the Principal Paying Agent (in the case of Bearer Covered Bonds) or the Registrar (in the case of Registered Covered Bonds). Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. Meetings of Covered Bondholders, Modification and Waiver

Covered Bondholders, Receiptholders, Couponholders and other Secured Creditors should note that the Issuer, the LLP and the Principal Paying Agent may without their consent or the consent of the Bond Trustee or the Security Trustee agree to modify any provision of any Final Terms which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law.

14.1 Meetings of Covered Bondholders

The Trust Deed contains provisions for convening meetings of the Covered Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of modifications to these Terms and Conditions or the provisions of the Covered Bonds, the Receipts, the Coupons, the Trust Deed or any of the other Transaction Documents.

Such a meeting for the passing of a Programme Resolution which is not for the purpose of directing the Bond Trustee to accelerate the Covered Bonds or to take enforcement action pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*) may be convened by the Issuer, the LLP or the Bond Trustee and shall be convened by the Issuer at the request in writing of Covered Bondholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Covered Bonds for the time being outstanding. In relation to a meeting for the passing of a Programme Resolution which is for the purpose of directing the Bond Trustee to accelerate the Covered Bonds or to take enforcement action pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*), the Covered Bondholders of all Series (with the Covered Bonds of all Series taken

together as a single Series) may at any time and the Issuer shall upon a requisition in writing in the English language signed by the holders of not less than 20 per cent. of the Principal Amount Outstanding of the Covered Bonds for the time being outstanding convene a meeting of the Covered Bondholders. The quorum at any such meeting in respect of Covered Bonds of any Series for the transaction of business other than the passing of an Extraordinary Resolution or a Programme Resolution is one or more persons holding or representing in the aggregate not less than one-twentieth of the Principal Amount Outstanding of the Covered Bonds of such Series for the time outstanding. The quorum at any such meeting in respect of any Covered Bonds of any Series for passing an Extraordinary Resolution or Programme Resolution is one or more persons holding or representing in the aggregate 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 Covered Bondholders of such Series whatever the Principal Amount Outstanding 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 Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Receiptholders and Couponholders in respect of such Series of Covered Bonds. Any Series Reserved Matter shall only be capable of being effected after having been approved by an Extraordinary Resolution.

A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in Principal Amount Outstanding of the Covered Bonds of a Series shall take effect as an Extraordinary Resolution of the holders of the Covered Bonds of such Series. If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series the above provisions shall have effect subject to the following modifications:

- (a) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;
- (b) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected; and
- (c) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected,

and the above provisions concerning quorum and voting shall apply *mutatis mutandis* to such meeting or meetings.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution (A) (i) to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*); (ii) to direct the Bond Trustee or the Security Trustee to take any enforcement action pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*); or (iii) to direct the Bond Trustee to make any such determination as is referred to in Clause 20.1(b)(B) of the Trust Deed or (B) in relation to the appointment of a new Bond Trustee or Security Trustee or the removal of the Bond Trustee or Security Trustee (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 (with the Covered Bonds of all Series taken together as a single Series as provided in Clause 2.8 (*Separate Series*) of the Trust Deed and, if applicable, converted into Sterling at the relevant Covered Bond Swap Rate). Any such meeting to consider a Programme Resolution may be convened by the Issuer, the LLP or the Bond Trustee or by Covered Bondholders, holding at least 20 per cent. of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding. 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 of any Series whatever the Principal Amount Outstanding of the Covered Bonds of such Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Receiptholders and Couponholders in respect of such Covered Bonds.

In connection with any meeting or request in writing or written resolution of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in Sterling, the Principal Amount Outstanding of the Covered Bonds of any Series not denominated in Sterling shall be converted into Sterling at the relevant Covered Bond Swap Rate.

The Trust Deed and the Deed of Charge contain similar provisions to those described above in relation to requests in writing from Covered Bondholders upon which the Bond Trustee or, as the case may be, the Security Trustee is bound to act (including in relation to the matters described in Conditions 9 (*Events of Default, Acceleration and Enforcement*), 9.2 (*LLP Events of Default*), 9.3 (*Enforcement*) and 14.2 (*Modifications and Waivers*)).

14.2 *Modifications and Waivers*

The Bond Trustee and the Security Trustee may in the case of paragraphs (a) and (b) below, and the Bond Trustee and the Security Trustee shall in the case of paragraphs (c) to (n) below, agree and the LLP and the Issuer may also agree, without the consent of the Covered Bondholders, Receiptholders or Couponholders of any Series and without the consent of the other Secured Creditors other than any Secured Creditor that is party to the relevant documents provided that any such modification does not relate to a Series Reserved Matter:

- (a) to any modification of the trust presents, the terms and conditions applying to Covered Bonds of one or more Series (including these Terms and Conditions), the related Receipts and/or Coupons or any Transaction Document provided that in the opinion of the Bond Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series; or
- (b) to any modification of the trust presents, terms and conditions applying to Covered Bonds of any one or more Series (including these Terms and Conditions), the related Receipts and/or Coupons or any Transaction Document which is in the opinion of the Bond Trustee or the Security Trustee (as the case may be) of a formal, minor or technical nature, is to correct a manifest error or is to comply with mandatory provisions of law; or
- (c) subject to receipt by the Bond Trustee and the Security Trustee of a certificate of the Issuer or the LLP certifying to the Bond Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer or the LLP to satisfy the relevant requirements, to any modifications of the terms and conditions applying to Covered Bonds of any one or more Series (including these Terms and Conditions), the related Receipts and/or Coupons or any Transaction Document as requested by the Issuer and/or the LLP in order to enable the Issuer and/or the LLP to comply with any requirements which apply to it under (i) Regulation (EU) 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 UK domestic law by virtue of the EUWA (**UK EMIR**) and/or (ii) Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EU EMIR**), as applicable, in

accordance with the terms of the Trust Deed, and the Covered Bondholder shall be deemed to have instructed the Bond Trustee and the Security Trustee to consider such amendments to the Transaction Documents and/or these Terms and Conditions to be not materially prejudicial for the purposes of making a determination under Clause 23 of the Deed of Charge; or

- (d) to any modification for the purpose of allowing the Issuer to maintain compliance with the RCB Regulations in respect of the Programme and the Covered Bonds provided that the Issuer and the LLP certify to the Bond Trustee and to the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (e) to the partial termination of any Covered Bond Swap following the redemption in part or cancellation in part of the related Series of Covered Bonds (for the avoidance of doubt, if there is more than one Covered Bond Swap in place in relation to such Series of Covered Bonds, each such Covered Bond Swap may be partially terminated in any amount as determined by the LLP) provided that the Issuer and the LLP certify to the Bond Trustee and the Security Trustee that following such partial termination (or partial terminations, as the case may be) the LLP remains adequately hedged in relation to such Series of Covered Bonds and provided further that the Issuer and the LLP have certified to the Bond Trustee and the Security Trustee that such partial termination (or partial terminations, as the case may be) will not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Series of Covered Bonds by the Rating Agency or (y) the Rating Agency placing any Covered Bonds on rating watch negative (or equivalent); or
- (f) to any modifications to a Cover Pool Swap Agreement or (if the relevant Covered Bond Swap Agreement so provides) a Covered Bond Swap Agreement requested by the LLP or the relevant Cover Pool Swap Provider or Covered Bond Swap Provider, as applicable, for the purpose of complying with, or implementing or reflecting updated criteria of one or more Rating Agencies which may be published after 24 February 2017 (the **New Rating Criteria**) and the Bond Trustee shall be obliged to concur in and to effect, and to direct the Security Trustee to concur in and to effect, any modifications to a Cover Pool Swap Agreement or a Covered Bond Swap Agreement that are requested by the LLP or a relevant Cover Pool Swap Provider or Covered Bond Swap Provider, as applicable, to modify the relevant Cover Pool Swap Agreement or Covered Bond Swap Agreement to reflect the New Rating Criteria, provided (i) that the conditions precedent to the making of such amendments as set out in the relevant Cover Pool Swap Agreement or a Covered Bond Swap Agreement have been satisfied immediately prior to the date on which it is proposed that the amendments are effected and (ii) the Issuer and the LLP certify in writing to the Bond Trustee and the Security Trustee that such modification is necessary to comply with, implement or reflect the New Rating Criteria. For the avoidance of doubt, such modifications may include, without limitation, modifications which would allow any Cover Pool Swap Provider or Covered Bond Swap Provider not to post collateral in circumstances where it previously would have been obliged to do so, subject to satisfaction of the foregoing conditions; or
- (g) to any modifications to the Transaction Documents and/or the Conditions (other than those referred to in Condition 14.2(f)) that are requested by the Issuer and the LLP to comply with any criteria of the Rating Agency which may be published after 24 February 2017 and which the Issuer and the LLP certify to the Bond Trustee and the Security Trustee in writing are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by the Rating Agency to any Series of Covered Bonds; or
- (h) to any modification for the purpose of allowing one or more additional rating agencies to be appointed in respect to one or all Series of Covered Bonds provided that the Issuer and the LLP, certify in writing to the Bond Trustee and the Security Trustee that (1) the additions do not dilute any of the existing requirements from the existing Rating Agency, (2) the Rating Agency has been informed of the proposed modification and the Rating Agency has not

indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Series of Covered Bonds by such Rating Agency or (y) such Rating Agency placing any Covered Bonds on rating watch negative (or equivalent) and (3) that the Issuer pays all costs and expenses (including legal fees) incurred by the Issuer, the LLP and the Bond Trustee and the Security Trustee in connection with such modification; or

- (i) to any modification for the purpose of enabling the Covered Bonds to be (or to remain) listed on the Stock Exchange, provided that the Issuer and the LLP certify to the Bond Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (j) to any modification for the purposes of enabling the Issuer or any of the other transaction parties to comply with FATCA, provided that the Issuer and the LLP or the relevant transaction party, as applicable, certify to the Bond Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (k) to any modification for the purpose of allowing any additional Account Banks or Swap Collateral Account Banks to be appointed and/or additional Transaction Accounts or Swap Collateral Accounts to be opened, including custody accounts under the relevant Bank Account Agreement and Swap Collateral Bank Account Agreement, as applicable, provided that the Issuer and the LLP certify to the Bond Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (l) to any modification for the purpose of allowing a Collateralised GIC Account Provider to be appointed and/or any Collateralised GIC Accounts to be opened, under the relevant Collateralised GIC Account Agreement, provided that the Issuer and the LLP certify to the Bond Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (m) to the accession of any New Seller to the Programme provided that the Issuer and the LLP certify to the Bond Trustee and the Security Trustee in writing that the relevant conditions precedent in the Transaction Documents are satisfied at the time of the intended accession; or
- (n) to any modification of the Cover Pool Swap Agreement for the purpose of enabling the Cover Pool Swap in relation to the Variable Rate Loans to be extinguished at the option of the Cover Pool Swap Provider following a downgrade in the relevant rating of the Cover Pool Swap Provider or any guarantor of the Cover Pool Swap Provider's obligations by the Rating Agency, provided that the Issuer and the LLP certify in writing to the Bond Trustee that (a) such modification is required solely for such purpose and has been drafted solely to such effect and (b) the Rating Agency has confirmed that such a downgrade in the relevant rating of the Cover Pool Swap Provider or any guarantor of the Cover Pool Swap Provider's obligations will not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Series of Covered Bonds by the Rating Agency or (y) the Rating Agency placing any Covered Bonds on rating watch negative (or equivalent),

PROVIDED that (1) the Bond Trustee and the Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee and the Security Trustee, as applicable, would have the effect of (a) exposing the Bond Trustee and the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee and the Security Trustee, as applicable in the Transaction Documents and/or the Conditions and (2) at least 14 days' prior written notice of any such proposed modification has been given to the Bond Trustee and the Security Trustee and (3) the consent of each Secured Creditor

(other than the Bond Trustee, the Security Trustee and the Covered Bondholders) which is a party to the relevant Transaction Document has been obtained.

Notwithstanding the above, the Issuer and the LLP may agree, without the consent of the Bond Trustee, the Security Trustee, the Covered Bondholders, Receiptholders or Couponholders or any of the other Secured Creditors, to any modification of any of the provisions of any Final Terms which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law.

The Bond Trustee may also agree, without the consent of the Covered Bondholders of any Series, the related Receiptholders and/or Couponholders, without prejudice to its rights in respect of any subsequent breaches, to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Covered Bonds, the Receipts or Coupons of any Series or any of the provisions of any of the Transaction Documents, 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 Covered Bondholders of any given Series and provided always that the Bond Trustee shall not exercise any powers conferred on it in contravention of any express direction by Extraordinary Resolution but so that no such direction shall affect any waiver, authorisation or determination previously given or made. The Security Trustee may also agree, without the consent of the Covered Bondholders of any Series, the related Receiptholders and/or 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 sole opinion of the Security Trustee, materially prejudicial to the interests of any of the Covered Bondholders of any Series.

The Bond Trustee or, as the case may be, the Security Trustee shall be bound to agree to any modification of the terms and conditions applying to Covered Bonds of one or more Series (including these Terms and Conditions), the related Receipts and/or Coupons or any Transaction Document if it is directed by Extraordinary Resolution of the relevant Covered Bondholders or requested to do so in writing by the holders of at least 20 per cent. of the aggregate Principal Amount Outstanding of the relevant Covered Bonds then outstanding and, in each case, only if it shall first be indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing.

The Bond Trustee or, as the case may be, the Security Trustee shall be bound to (i) waive or authorise any breach or proposed breach of any of the provisions of the Covered Bonds of any Series or any of the provisions of the Transaction Documents or (ii) in the case of the Bond Trustee, determine that any Issuer Event of Default, Potential Issuer Event of Default, LLP Event of Default or Potential LLP Event of Default shall not be treated as such if it is so directed by Extraordinary Resolution of the relevant Covered Bondholders or requested to do so in writing by the holders of at least 20 per cent. of the aggregate Principal Amount Outstanding of the relevant Covered Bonds then outstanding (in the case of any such determination as is referred to in (ii) above, with the Covered Bonds of all Series taken together as a single Series as provided in Clause 2.8 of the Trust Deed and, if applicable, converted into Sterling at the relevant Covered Bond Swap Rate) and, in each case, only if it shall first be indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing.

In relation to any such modification, waiver, authorisation or determination, the Trust Deed contains provisions (which are described in Condition 14.1 (*Meetings of Covered Bondholders*)) for determining which Series of Covered Bonds are relevant in any particular case and for determining whether separate Extraordinary Resolutions or requests of each relevant Series or a single Extraordinary Resolution or request of all relevant Series are/is required.

The Security Trustee or the Bond Trustee shall not agree to any modification or make or grant any authorisation, waiver or determination pursuant to this Condition 14, until it shall have received from the Issuer written confirmation that such modification, waiver, authorisation or determination, as

applicable, would not result in (1) a breach of the RCB Regulations or (2) the Issuer and/or the Programme ceasing to be registered under the RCB Regulations and that either:

- (a) such modification, authorisation, waiver or determination would not require the Authorities to be notified in accordance with Regulation 20 of the RCB Regulations; or
- (b) if such modification, authorisation, waiver 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 Authorities and the Authorities have given their consent to such proposed modification, authorisation, waiver or determination.

Any such modification, waiver, authorisation or determination shall be binding on all Covered Bondholders of all Series of Covered Bonds, the related Receiptholders and the 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 Covered Bondholders 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 (where it is required to have regard to the interests of the Covered Bondholders) the Security Trustee shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Receiptholders, 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 Covered Bondholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the LLP, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax or stamp duty consequences of any such exercise upon individual Covered Bondholders, Receiptholders and/or Couponholders, except to the extent already provided for in Condition 7 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

For the purposes hereof:

Potential Issuer Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default;

Potential LLP Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an LLP Event of Default; and

Stock Exchange means the London Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading.

14.3 *Additional Right of Modification and Waiver*

- (a) In respect of any Covered Bonds issued on or after 1 November 2018 and which are not to be consolidated and form a single Series with Covered Bonds issued before 1 November 2018, the Bond Trustee, the Security Trustee and the LLP shall concur with the Issuer in making any modification (other than in respect of a Series Reserved Matter, provided that a Base Rate Modification (as defined below) will not constitute a Series Reserved Matter) to the Conditions and/or any Transaction Document (including, for the avoidance of doubt but without limitation, the Covered Bond Swap in relation to the relevant Series of Covered Bonds and subject to the consent

only of the Secured Creditors (i) party to the relevant Transaction Document being amended or (ii) whose ranking in any Priorities of Payments is affected) that the Issuer considers necessary for the purpose of changing the base rate in respect of the Covered Bonds, from EURIBOR, €STR, SONIA or such other benchmark rate (each, a **Reference Rate**) to an alternative base rate (any such rate, an **Alternative Base Rate**) and making such other amendments to the Conditions and/or any Transaction Documents (including the Cover Pool Swap) as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a **Base Rate Modification**), provided that:

(i) the Issuer certifies to the Bond Trustee and the Security Trustee in writing (such certificate, a **Base Rate Modification Certificate**) that:

I such Base Rate Modification is being undertaken due to:

- (A) a material disruption to the relevant Reference Rate, an adverse change in the methodology of calculating the relevant Reference Rate or the relevant Reference Rate ceasing to exist or be published; or
- (B) a public statement by the administrator of the relevant Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator for the Reference Rate has been appointed that will continue publication of the relevant Reference Rate) and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable; or
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means such Reference Rate may no longer be used or that its use is subject to restrictions or adverse consequences; or
- (E) the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (A), (B), (C) or (D) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

II such Alternative Base Rate is:

- (F) a base rate published, endorsed, approved or recognised by the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Covered Bonds are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or
- (G) in relation to EURIBOR, €STR, SONIA (or any rate which is derived from, based upon or otherwise similar to either of the foregoing); or
- (H) a base rate utilised in a material number of publicly-listed new issues of floating rate covered bonds prior to the effective date of such Base Rate Modification (for these purposes, unless agreed otherwise by the Bond Trustee, 3 such issues shall be considered material); or
- (I) a base rate utilised in publicly-listed new issues of floating rate covered bonds where the issuer (or, in the case of asset-backed securities, the originator of the relevant assets) is the Issuer or an Affiliate of the Issuer; and

- III the Base Rate Modification proposed is required solely for the purpose of applying the Alternative Base Rate and making consequential modifications to the Conditions, the Trust Deed and/or any Transaction Document which are, as reasonably determined by the Issuer, necessary or advisable, and the modifications have been drafted solely to such effect;
- (ii) at least 30 days' prior written notice of any proposed Base Rate Modification has been given to the Bond Trustee and the Security Trustee;
 - (iii) the Base Rate Modification Certificate is provided to the Bond Trustee and the Security Trustee both (i) at the time the Bond Trustee and the Security Trustee are notified of the Base Rate Modification and (ii) on the effective date of such Base Rate Modification;
 - (iv) with respect to each Rating Agency, either:
 - (A) the Issuer obtains from such Rating Agency written confirmation that such Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the relevant Covered Bonds of any Series by such Rating Agency or (y) such Rating Agency placing the Covered Bonds of any Series on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Bond Trustee and the Security Trustee; or
 - (B) the Issuer certifies in writing to the Bond Trustee and the Security Trustee that it has notified such Rating Agency of the Base Rate Modification and, in its opinion, formed on the basis of due consideration and consultation with such Rating Agency (including, as applicable, upon receipt of oral confirmation from an appropriately authorised person at such Rating Agency), such Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Covered Bonds of any Series by such Rating Agency or (y) such Rating Agency placing the Covered Bonds of any Series on rating watch negative (or equivalent);
 - (v) the Issuer pays (or arranges for the payment of) all documented fees, costs and expenses (including legal fees) incurred by the Bond Trustee and the Security Trustee in connection with such Base Rate Modification;
 - (vi) the Issuer has provided at least 30 days' notice to the Covered Bondholders of the relevant Series of Covered Bonds of the Base Rate Modification in accordance with Condition 13 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds (in each case specifying the date and time by which Covered Bondholders must respond), and Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Covered Bonds may be held) by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification.

If Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which the Covered Bonds may be held) by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification, then the Base Rate Modification will not be made unless an Extraordinary Resolution of the Covered Bondholders of the relevant Series then outstanding is passed in favour of the Base Rate Modification in accordance with Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*).

Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Issuer's and the Bond Trustee's satisfaction (having regard to prevailing market practices) of the relevant Covered Bondholder's holding of the Covered Bonds.

For the avoidance of doubt, the Issuer may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 14.3(a) are satisfied.

- (b) When implementing any modification pursuant to this Condition 14.3:
- (i) the Bond Trustee and the Security Trustee shall not consider the interests of the Covered Bondholders, any other Secured Creditor or any other person and shall act and rely solely and without investigation or liability on any Base Rate Modification Certificate or other certificate or evidence provided to it by the Issuer and shall not be liable to the Covered Bondholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
 - (ii) neither the Bond Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Bond Trustee and/or the Security Trustee would have the effect of (i) exposing the Bond Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights, powers, authorisations, discretions, indemnification or protections, of the Bond Trustee and/or the Security Trustee in the Transaction Documents and/or these Conditions.

Effect of Benchmark Transition Event on any SOFR Covered Bonds

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

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

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

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

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

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

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

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

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

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

Benchmark Replacement Date means:

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

provided, however, that on or after the 60th day preceding the date on which such Benchmark Replacement Date would otherwise occur (if applicable), the Designated Transaction Representative may give written notice to holders of any SOFR Covered Bonds in which the Designated Transaction Representative designates an earlier date (but not earlier than the 30th day following such notice) and represents that such earlier date will facilitate an orderly transition of any SOFR Covered Bonds to the Benchmark Replacement, in which case such earlier date shall be the Benchmark Replacement Date.

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

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

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

Compounded SOFR means, for purposes of determining a replacement Benchmark pursuant to this section titled "*Effect of Benchmark Transition Event on any SOFR Covered Bonds*", the compounded average of SOFRs for the applicable corresponding tenor, with the rate, or methodology for this rate, and conventions for this rate (which, for example, may be compounded in arrear with a look-back and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each interest period or compounded in advance) being established by the Designated Transaction Representative in accordance with:

- (a) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the relevant governmental body for determining Compounded SOFR; provided that:
- (b) if, and to the extent that, the Designated Transaction Representative determines that Compounded SOFR cannot be determined in accordance with paragraph (1) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Designated Transaction Representative giving due

consideration to any industry-accepted market practice for similar US dollar denominated securitisation transactions at such time.

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

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

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

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

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

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

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

Reference Time, with respect to any determination of the Benchmark means (1) if the Benchmark is SOFR, 3:00 p.m. (London time) on the immediately following US Government Securities Business Day and (2) if the Benchmark is not SOFR, the time determined by the Designated Transaction Representative in accordance with the Benchmark Replacement Conforming Changes.

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

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

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

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

- VI. To the extent that there is any inconsistency between the conditions set out in this section titled "*–Effect of Benchmark Transition Event on any SOFR Covered Bonds*" and any other condition, the statements in this section shall prevail with respect to any SOFR Covered Bonds.
- VII. Nothing in this section titled "*–Effect of Benchmark Transition Event on any SOFR Covered Bonds*" affects the rights of the holders of Covered Bonds other than any SOFR Covered Bonds.
- VIII. For the avoidance of doubt, the Designated Transaction Representative may propose that a Benchmark Replacement replace the then-current Benchmark and any Benchmark Replacement Conforming Changes on more than one occasion provided that the conditions set out in this section titled "*–Effect of Benchmark Transition Event on any SOFR Covered Bonds*" are satisfied.

Neither the Bond Trustee nor the Security Trustee shall be responsible or liable in damages or otherwise to any person or party for any loss incurred by reason of the Bond Trustee and/or the Security Trustee consenting to or concurring in such amendments, replacements and modifications.

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, as the case may be, shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of at least 20 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

The Trust Deed and the Deed of Charge contain provisions for the indemnification of the Bond Trustee and the Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action unless indemnified and/or secured and/or prefunded to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, is entitled, *inter alia*, (i) to enter into contracts, financial or other transactions with the Issuer, the LLP and/or any of their respective Subsidiaries and affiliates, holding companies or any person or body corporate associated with the Issuer 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, holding companies or any other person or body corporate as aforesaid, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Covered Bondholders, Receiptholders or Couponholders or any other Secured Creditors, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Neither the Bond Trustee nor the Security Trustee will be responsible for any loss, expense or liability, which may be suffered as a result of any Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee and/or the Security Trustee. Neither the Bond Trustee nor the Security Trustee will be responsible for (i) supervising the performance by the Issuer, the LLP 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 received written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer, the LLP or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Portfolio, including, without limitation, compliance with the Asset Coverage Test, the Pre-Maturity Liquidity Test or the Amortisation Test; or (iv) monitoring whether Loans and Related Security satisfy the Eligibility Criteria. Neither the Bond Trustee nor the Security Trustee will be liable to any Covered Bondholder 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. Limited Recourse

The Covered Bondholders agree with the LLP and the Security Trustee that, notwithstanding any other provision of any Transaction Document, all obligations of the LLP to the Covered Bondholders in respect of the Secured Obligations owing to the Covered Bondholders and other Secured Creditors are limited in recourse to the Charged Property and, upon the Security Trustee giving written notice to the Covered Bondholders that:

- (a) it has determined in its sole opinion that there is no reasonable likelihood of there being any further realisations in respect of the Charged Property (whether arising from enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents; and
- (b) all amounts available to be applied to pay amounts owing under the Transaction Documents have been so applied in accordance with the Transaction Documents,

the Covered Bondholders shall have no further claim against the LLP in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full.

17. Further Issues

The Issuer shall be at liberty from time to time (but subject always to the provisions of the Trust Deed and the Deed of Charge) without the consent of the Covered Bondholders, Receiptholders or Couponholders to create and issue further Covered Bonds (whether in bearer or registered form) having terms and conditions the same as the Covered Bonds of any Series or the same in all respects and guaranteed by the LLP save for the amount and date of the first payment of interest thereon, issue date and/or issue price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

18. Ratings Confirmations

- 18.1 By subscribing for or purchasing Covered Bond(s), each Covered Bondholder shall be deemed to have acknowledged and agreed that a credit rating of a Series of Covered Bonds is an assessment of credit risk and does not address other matters that may be of relevance to Covered Bondholders, including, without limitation, in the case of a confirmation by the Rating Agency that any action proposed to be taken by the Issuer, the LLP, the Seller, the Servicer, the Cash Manager, the Bond Trustee, the Security Trustee or any other party to a Transaction Document will not have an adverse effect on the then current rating of the Covered Bonds or cause such rating to be withdrawn (a **Rating Agency Confirmation**), whether such action is either (i) permitted by the terms of the relevant Transaction Document or (ii) in the best interests of, or not prejudicial to, some or all of the Covered Bondholders.
- 18.2 In being entitled to have regard to the fact that the Rating Agency has confirmed that the then current rating of the relevant Series of Covered Bonds would not be adversely affected or withdrawn, each of the Issuer, the LLP, the Bond Trustee, the Security Trustee and the Secured Creditors (including the Covered Bondholders) is deemed to have acknowledged and agreed that a Rating Agency

Confirmation does not impose or extend any actual or contingent liability on the Rating Agency to the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between the Rating Agency and the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

18.3 By subscribing for or purchasing Covered Bond(s) each Covered Bondholder shall be deemed to have acknowledged and agreed that:

- (a) a Rating Agency Confirmation may or may not be given at the sole discretion of the Rating Agency;
- (b) depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agency cannot provide a Rating Agency Confirmation in the time available, or at all, and the Rating Agency shall not be responsible for the consequences thereof;
- (c) a Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Covered Bond forms a part; and
- (d) a Rating Agency Confirmation represents only a restatement of the opinions given, and shall not be construed as advice for the benefit of any Covered Bondholder or any other party.

19. Substitution, Consolidation, Merger, Amalgamation or Transfer of the Issuer

19.1 If so requested by the Issuer, the Bond Trustee and the Security Trustee shall, without the consent of the Covered Bondholders, Receiptholders or Couponholders or any other Secured Creditor, agree with the Issuer and the LLP to the substitution in place of the Issuer (or of the previous substitute under this Condition 19) as the principal debtor under the Covered Bonds, the Receipts, the Coupons and all other Transaction Documents of any Subsidiary of the Issuer or any holding company of the Issuer or any other subsidiary of any such holding company, in each case incorporated or to be incorporated in any country in the world or to the resubstitution of the Issuer (such substituted issuer being hereinafter called the **New Company**) PROVIDED THAT in each case a trust deed is executed and other forms of undertaking are given by the New Company in the form and manner satisfactory to the Bond Trustee, agreeing to be bound by the provisions of the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents to which the Issuer is a party and with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the New Company had been named in the trust presents, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents as the principal debtor in place of the Issuer (or of the previous substitute under this Condition). Further conditions shall apply to such substitution above as set out in the Trust Deed.

19.2 Any such trust deed executed and/or undertakings given pursuant to this Condition 19 shall, if so expressed, operate to release the Issuer or the previous substitute as aforesaid from all of its obligations as principal debtor under the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents to which it is a party. Not later than 14 days after the execution of such documents and compliance with such requirements, the New Company shall give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 13 (*Notices*). Upon the execution of such documents and compliance with such requirements, the New Company shall be deemed to be named in the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents in place of the Issuer (or in each case in place of the previous substitute) under the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents and the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents to the Issuer shall, unless the context otherwise requires, be deemed to be or include references to the New Company.

- 19.3 The Issuer may (without the consent of the Covered Bondholders, Receiptholders or Couponholders of any Series or any other Secured Creditor (including the Bond Trustee and the Security Trustee) where the new entity is a corporation organised under the laws of the United Kingdom) consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation (where the surviving entity or transferee company is not the Issuer, such surviving entity or transferee company shall be referred to as the **New Entity**). Further conditions shall apply to such consolidation, merger or amalgamation as set out in the Trust Deed.
- 19.4 Any such trust deed executed and/or undertakings given pursuant to this Condition 19 shall, if so expressed, operate to release the Issuer (as the case may be) or the previous substitute as aforesaid from all of its obligations under the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents. Not later than 14 days after such consolidation, merger, amalgamation and/or transfer, the New Entity shall give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 13 (*Notices*). Upon the execution of such documents and compliance with such requirements, the New Entity shall be deemed to be named in the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents to which the Issuer is a party as the principal debtor in place of the Issuer (where the New Entity is the successor entity or transferee company of the Issuer) (or in each case in place of the previous substitute under this Condition 19) under the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents and the Covered Bonds, the Receipts, the Coupons and the other relevant Transaction Documents shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in the trust presents, the Covered Bonds, the Receipts, the Coupons and the other relevant Transaction Documents to the Issuer shall, unless the context otherwise requires, be deemed to be or include references to the New Entity.

20. Contracts (Rights of Third Parties) Act 1999

No person (other than the Rating Agency in respect of Condition 18 (*Ratings Confirmations*)) 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.

21. Governing Law

The Trust Deed, the Agency Agreement, the Corporate Services Agreement, the Covered Bonds, the Receipts, the Coupons and the other Transaction Documents (other than each Scottish Declaration of Trust and certain documents to be granted pursuant to the Deed of Charge) 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.

PRINCIPAL PAYING AGENT
CITIBANK, N.A., LONDON BRANCH
Citigroup Centre, 25 Canada Square
Canary Wharf
London, E14 5LB

REGISTRAR
CITIBANK, N.A., LONDON BRANCH
Citigroup Centre, 25 Canada Square
Canary Wharf
London, E14 5LB

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

SCHEDULE 2

FORMS OF GLOBAL AND DEFINITIVE COVERED BONDS, RECEIPTS, COUPONS AND TALONS

PART 1

FORM OF TEMPORARY GLOBAL COVERED BOND

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

TSB BANK plc

(incorporated with limited liability under the laws of Scotland)

(the Issuer)

TEMPORARY GLOBAL COVERED BOND

unconditionally and irrevocably guaranteed as to payments of interest and principal by

TSB COVERED BONDS LLP

(a limited liability partnership incorporated in England and Wales)

(the LLP)

This Global Covered Bond in bearer form (**a Bearer Global Covered Bond**) is a Temporary Global Covered Bond without interest coupons in respect of a duly authorised issue of Covered Bonds of the Issuer (the **Covered Bonds**) of the Aggregate Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Covered Bonds (the **Final Terms**), a copy of which is annexed hereto, and which are constituted by a Trust Deed (as defined below). References herein to the **Conditions** shall be to the Terms and Conditions of the Covered Bonds as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Trust Deed (as defined below) as supplemented, replaced and modified by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined in the Conditions shall bear the same meanings when used in this Bearer Global Covered Bond.

This Bearer Global Covered Bond is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 24 February 2017 and made between the Issuer, the LLP and Citicorp Trustee Company Limited in its capacities as Bond Trustee and as Security Trustee.

For value received, the Issuer, subject as hereinafter provided and subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on each Instalment Date (if the Covered Bonds are repayable in instalments) and on the Final Maturity Date and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Bearer Global Covered Bond may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of

such Covered Bonds on each such date and to pay interest (if any) on the Principal Amount Outstanding of the Covered Bonds from time to time represented by this Global Covered Bond calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Bearer Global Covered Bond to or to the order of the Principal Paying Agent or any of the other Paying Agents located outside the United States (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Covered Bonds.

If the Final Terms indicates that this Covered Bond is intended to be a New Global Covered Bond, the Principal Amount Outstanding of Covered Bonds represented by this Bearer Global Covered Bond shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg** and together with Euroclear, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Bearer Global Covered Bond means the records that each relevant Clearing System holds for its customers which reflect the amount of each such customer's interest in the Covered Bonds) shall be conclusive evidence of the Principal Amount Outstanding of Covered Bonds represented by this Bearer Global Covered Bond and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the Principal Amount Outstanding of Covered Bonds represented by this Bearer Global Covered Bond at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, the Principal Amount Outstanding of the Covered Bonds represented by this Bearer Global Covered Bond shall be the amount stated in the applicable Final Terms or, if lower, the Principal Amount Outstanding most recently entered by or on behalf of the Issuer in the relevant column in Part II, III, or IV of Schedule One hereto or in Schedule Two hereto.

On any redemption of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Bearer Global Covered Bond the Issuer shall procure that:

- (i) if the Final Terms indicates that this Bearer Global Covered Bond is intended to be a New Global Covered Bond, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered pro rata in the records of the relevant Clearing Systems, and, upon any such entry being made, the Principal Amount Outstanding of the Covered Bonds recorded in the records of the relevant Clearing Systems and represented by this Bearer Global Covered Bond shall be reduced by the aggregate Principal Amount Outstanding of the Covered Bonds so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid; or
- (ii) if the Final Terms indicates that this Bearer Global Covered Bond is not intended to be a New Global Covered Bond, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One hereto and the relevant space in Schedule One hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, payment of an instalment or purchase and cancellation, the Principal Amount Outstanding of this Bearer Global Covered Bond and the Covered Bonds represented by this Bearer Global Covered Bond shall be reduced by the Principal Amount Outstanding of such Covered Bonds so redeemed or purchased and cancelled or the amount of such instalment so paid.

Payments due in respect of Covered Bonds for the time being represented by this Bearer Global Covered Bond shall be made to the bearer of this Bearer Global Covered Bond and each payment or delivery so made will discharge the Issuer's obligations in respect thereof. Any failure to make entries referred to above shall not affect such discharge.

Payments in respect of principal and interest (if any) due prior to the Exchange Date (as defined below) will only be made to the bearer hereof to the extent that there is presented to the Principal Paying Agent by Clearstream, Luxembourg or Euroclear a certificate to the effect that it has received from or in respect of a person entitled to a beneficial interest in a particular principal amount of the Covered Bonds represented by this Bearer Global Covered Bond (as shown by its records) a certificate of non-U.S. beneficial ownership in the form required by Clearstream, Luxembourg or Euroclear (as applicable). The bearer of this Global Covered Bond will not (unless upon due presentation of this Bearer Global Covered Bond for exchange, delivery of the appropriate number of Bearer Definitive Covered Bonds (together, if applicable, with the Receipts, Coupons and Talons appertaining thereto in or substantially in the forms set out in Part 3 (*Form of Bearer Definitive Covered Bond*), Part 4 (*Form of Receipt*), Part 5 (*Form of Coupon*) and Part 6 (*Form of Talon*) of Schedule 2 (*Forms of Global and Definitive Covered Bonds, Receipts, Coupons and Talons*) to the Trust Deed) or, as the case may be, issue and delivery (or, as the case may be, endorsement) of the Permanent Global Covered Bond is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment or delivery date) be entitled to receive any payment or delivery hereon due on or after the Exchange Date.

On or after the date (the **Exchange Date**) which is 40 days after the Issue Date, this Bearer Global Covered Bond may be exchanged (free of charge) in whole or in part for, as specified in the Final Terms, either (a) security printed Bearer Definitive Covered Bonds and (if applicable) Receipts, Coupons and/or Talons (on the basis that all the appropriate details have been included on the face of such Bearer Definitive Covered Bonds and (if applicable) Receipts, Coupons and/or Talons and the relevant information supplementing, replacing or modifying the Conditions appearing in the Final Terms has been endorsed on or attached to such Bearer Definitive Covered Bonds) or (b) either (if the Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond) interests recorded in the records of the relevant Clearing Systems in a Permanent Bearer Global Covered Bond or (if the Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond) a Permanent Bearer Global Covered Bond, which, in either case is in or substantially in the form set out in Part 2 (*Form of Permanent Global Covered Bond*) of Schedule 2 (*Forms of Global and Definitive Bonds, Receipts, Coupons and Talons*) to the Trust Deed (together with the Final Terms attached thereto) upon notice being given by Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Covered Bond and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the Final Terms.

If Bearer Definitive Covered Bonds and (if applicable) Receipts, Coupons and/or Talons have been issued in exchange for the Covered Bonds previously represented by the Permanent Global Covered Bond, then this Bearer Global Covered Bond may only thereafter be exchanged for Bearer Definitive Covered Bonds and (if applicable) Receipts, Coupons and/or Talons pursuant to the terms hereof. This Bearer Global Covered Bond may be exchanged by the bearer hereof on any day (other than a Saturday or a Sunday) on which banks are open for general business in London.

The Issuer shall procure that Bearer Definitive Covered Bonds or (as the case may be) the Permanent Global Covered Bond shall be so issued and delivered and (in the case of the Permanent Bearer Global Covered Bond where the Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond) interests in the Permanent Bearer Global Covered Bond shall be recorded in the records of the relevant Clearing Systems in exchange for only that portion of this Global Covered Bond in respect of which there shall have been presented to the Principal Paying Agent by Euroclear or Clearstream, Luxembourg a certificate to the effect that it has received from or in respect of a person entitled to beneficial interest in a particular nominal amount of the Covered Bonds represented by this Bearer Global Covered Bond (as shown by its records) a certificate of non-U.S. beneficial ownership in the form required by Clearstream, Luxembourg or Euroclear (as applicable).

On an exchange of the whole of this Bearer Global Covered Bond, this Bearer Global Covered Bond shall be surrendered to or to the order of the Principal Paying Agent. The Issuer shall procure that:

- (iii) if the Final Terms indicates that this Bearer Global Covered Bond is intended to be a New Global Covered Bond, on an exchange of the whole or part only of this Bearer Global Covered Bond, details of such exchange shall be entered pro rata in the records of the relevant Clearing Systems such that the Principal Amount Outstanding of Covered Bonds represented by this Bearer Global Covered Bond shall be reduced by the Principal Amount Outstanding of this Bearer Global Covered Bond so exchanged; or
- (iv) if the Final Terms indicates that this Bearer Global Covered Bond is not intended to be a New Global Covered Bond, on an exchange of part only of this Bearer Global Covered Bond details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer, whereupon the Principal Amount Outstanding of this Bearer Global Covered Bond and the Covered Bonds represented by this Bearer Global Covered Bond shall be reduced by the Principal Amount Outstanding of this Bearer Global Covered Bond so exchanged. On any exchange of this Bearer Global Covered Bond for a Permanent Global Covered Bond, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two to the Permanent Global Covered Bond and the relevant space in Schedule Two thereto recording such exchange shall be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Bearer Global Covered Bond as aforesaid, the bearer hereof shall (subject as provided in the next paragraph) in all respects (except as otherwise provided herein) be entitled to the same benefits as if he were the bearer of Bearer Definitive Covered Bonds and the relative Receipts, Coupons and/or Talons (if any) in the form(s) set out in Part 3 (*Form of Bearer Definitive Covered Bond*), Part 4 (*Form of Receipt*), Part 5 (*Form of Talon*) and Part 6 (*Form of Talon*) (as applicable) of Schedule 2 (*Forms of Global and Definitive Bonds, Receipts, Coupons and Talons*) to the Trust Deed, except that the bearer of this Bearer Global Covered Bond shall not (except as provided above with respect to payments of principal and interest (if any) due prior to the Exchange Date or unless upon due presentation of this Bearer Global Covered Bond exchange, issue and delivery (or, as the case may be, endorsement) of the Permanent Global Covered Bond or the appropriate number of Bearer Definitive Covered Bonds and the related Receipts, Coupons and/or Talons (if any) is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment or delivery date) be entitled (i) to receive any payment of interest on this Bearer Global Covered Bond or (ii) on and after the Exchange Date, to receive any payment on this Bearer Global Covered Bond.

Each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of the Covered Bonds represented by this Bearer Global Covered Bond (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal 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) shall be treated by the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Principal Paying Agent and any other Paying Agent as the holder of such principal amount of such Covered Bonds for all purposes other than with respect to the payment of principal and interest on such principal amount of such Covered Bonds, the right to which shall be vested, as against the Issuer and the LLP, solely in the bearer of this Bearer Global Covered Bond in accordance with and subject to the terms of this Bearer Global Covered Bond and the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of this Global Covered Bond.

This Bearer Global Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

A person who is not a party to this Bearer Global Covered Bond has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Bearer Global Covered Bond, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

This Bearer Global Covered Bond shall not be valid unless authenticated by Citibank, N.A., London Branch as Principal Paying Agent and, if the applicable Final Terms indicates that this Global Covered Bond is intended to be held in a manner which would allow Eurosystem eligibility, effectuated by the entity appointed as common safekeeper by the relevant Clearing Systems.

IN WITNESS whereof the Issuer has caused this Bearer Global Covered Bond to be signed manually or in facsimile by a person duly authorised on its behalf.

Issued as of the Issue Date specified in the Final Terms.

TSB BANK plc

By:

Authorised Signatory

Authenticated without recourse, warranty or liability
by

CITIBANK, N.A., LONDON BRANCH

as Principal Paying Agent.

By:

Authorised Officer

¹Effectuated without recourse,
warranty or liability by

.....
as common safekeeper

By:

1 This should only be completed where the Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond.

PART 2

FORM OF PERMANENT GLOBAL COVERED BOND

[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.]⁴

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

TSB BANK plc

(incorporated with limited liability under the laws of Scotland)

(the Issuer)

PERMANENT GLOBAL COVERED BOND

unconditionally and irrevocably guaranteed as to payments of interest and principal by

TSB COVERED BONDS LLP

(a limited liability partnership incorporated in England and Wales)

(the LLP)

This Global Covered Bond in bearer form (a **Bearer Global Covered Bond**) is a Permanent Global Covered Bond in respect of a duly authorised issue of Covered Bonds of the Issuer (the **Covered Bonds**) of the Aggregate Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Covered Bonds (the **Final Terms**), a copy of which is annexed hereto, and which are constituted by a Trust Deed (as defined below). References herein to the **Conditions** shall be to the Terms and Conditions of the Covered Bonds as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Trust Deed (as defined below) as supplemented, replaced and modified by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined in the Conditions shall bear the same meanings when used in this Bearer Global Covered Bond.

This Bearer Global Covered Bond is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 24 February 2017 and made between the Issuer, the LLP and Citicorp Trustee Company Limited in its capacities as Bond Trustee and as Security Trustee.

For value received, the Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on each Instalment Date (if the Covered Bonds are repayable in instalments) and

⁴ Delete where the original maturity of the Covered Bonds is 1 year or less.

on the Final Maturity Date and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Bearer Global Covered Bond may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Covered Bonds on each such date and to pay interest (if any) on the Principal Amount Outstanding of the Covered Bonds from time to time represented by this Bearer Global Covered Bond calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Bearer Global Covered Bond to or to the order of the Principal Paying Agent or any of the other Paying Agents located outside the United States, its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Covered Bonds.

If the Final Terms indicates that this Covered Bond is intended to be a New Global Covered Bond, the Principal Amount Outstanding of Covered Bonds represented by this Bearer Global Covered Bond shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg** and together with Euroclear, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Bearer Global Covered Bond means the records that each relevant Clearing System holds for its customers which reflect the amount of each such customer's interest in the Covered Bonds) shall be conclusive evidence of the Principal Amount Outstanding of Covered Bonds represented by this Bearer Global Covered Bond and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the Principal Amount Outstanding of Covered Bonds represented by this Bearer Global Covered Bond at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the Final Terms indicates that this Bearer Global Covered Bond is not intended to be a New Global Covered Bond, the Principal Amount Outstanding of the Covered Bonds represented by this Bearer Global Covered Bond shall be the amount stated in the applicable Final Terms or, if lower, the Principal Amount Outstanding most recently entered by or on behalf of the Issuer in the relevant column in Part II, III, or IV of Schedule One hereto or in Schedule Two hereto.

On any redemption of, or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Bearer Global Covered Bond the Issuer shall procure that:

- (v) if the Final Terms indicates that this Bearer Global Covered Bond is intended to be a New Global Covered Bond, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the Principal Amount Outstanding of the Covered Bonds recorded in the records of the relevant Clearing Systems and represented by this Bearer Global Covered Bond shall be reduced by the aggregate nominal amount of the Covered Bonds so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid; or
- (vi) if the Final Terms indicates that this Bearer Global Covered Bond is not intended to be a New Global Covered Bond, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer, whereupon the Principal Amount Outstanding of this Bearer Global Covered Bond and the Covered Bonds represented by this Bearer Global Covered Bond shall be reduced by the nominal amount of such Covered Bonds so redeemed or purchased and cancelled or the amount of such instalment so paid.

Payments due in respect of Covered Bonds for the time being represented by this Bearer Global Covered Bond shall be made to the bearer of this Bearer Global Covered Bond and each payment so made will

discharge the Issuer's obligations in respect thereof and any failure to make the entries referred to above shall not affect such discharge.

If the Covered Bonds represented by this Bearer Global Covered Bond were, on issue, represented by a Temporary Bearer Global Bond then on any exchange of such Temporary Bearer Global Covered Bond for this Bearer Global Covered Bond or any part hereof, the Issuer shall procure that:

- (vii) if the Final Terms indicates that this Bearer Global Covered Bond is intended to be a New Global Covered Bond, details of such exchange shall be entered pro rata in the records of the relevant Clearing Systems such that the nominal amount of the Covered Bonds recorded in the records of the relevant Clearing Systems and represented by this Bearer Global Covered Bond shall be increased by the nominal amount of the Temporary Global Covered Bond so exchanged; or
- (viii) if the Final Terms indicates that this Bearer Global Covered Bond is not intended to be a New Global Covered Bond, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer, whereupon the Principal Amount Outstanding of this Bearer Global Covered Bond and the Covered Bonds represented by this Bearer Global Covered Bond shall be increased by the nominal amount of the Temporary Global Covered Bond so exchanged.

This Bearer Global Covered Bond may be exchanged (free of charge) in whole, but not in part, for Bearer Definitive Covered Bonds and (if applicable) Receipts, Coupons and/or Talons in or substantially in the forms set out in Part 3 (*Form of Bearer Definitive Covered Bond*), Part 4 (*Form of Receipt*), Part 5 (*Form of Coupon*) and Part 6 (*Form of Talon*) of Schedule 2 (*Forms of Global and Definitive Covered Bonds, Receipts, Coupons and Talons*) to the Trust Deed (on the basis that all the appropriate details have been included on the face of such Bearer Definitive Covered Bonds and (if applicable) Receipts, Coupons and/or Talons and the relevant information supplementing, replacing or modifying the Conditions appearing in the Final Terms has been endorsed on or attached to such Bearer Definitive Covered Bonds) either, as specified in the applicable Final Terms:

- (b) upon not less than 60 days' written notice being given to the Principal Paying Agent by Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Global Covered Bond); or
- (c) upon the occurrence of an Exchange Event.

An **Exchange Event** means 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, whether 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.

If this Bearer Global Covered Bond is exchangeable following the occurrence of an Exchange Event:

- (i) the Issuer will promptly give notice to Covered Bondholders in accordance with Condition 13 (*Notices*) upon the occurrence of such Exchange Event; and
- (ii) Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Bearer Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange.

Any such exchange shall occur on a date specified in the notice not more than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The first notice requesting exchange in accordance with the above provisions shall give rise to the issue of Bearer Definitive Covered Bonds for the Principal Amount Outstanding of Covered Bonds represented by this Global Covered Bond.

Any such exchange as aforesaid will be made upon presentation of this Bearer Global Covered Bond by the bearer hereof on any Business Day in London at the office of the Principal Paying Agent specified above.

The aggregate Principal Amount Outstanding of Bearer Definitive Covered Bonds issued upon an exchange of this Bearer Global Covered Bond will be equal to the aggregate Principal Amount Outstanding of this Bearer Global Covered Bond. Upon exchange of this Bearer Global Covered Bond for Bearer Definitive Covered Bonds, the Principal Paying Agent shall cancel it or procure that it is cancelled.

Until the exchange of the whole of this Bearer Global Covered Bond as aforesaid, the bearer hereof shall (subject as provided in the next paragraph) in all respects be entitled to the same benefits as if he were the bearer of Bearer Definitive Covered Bonds and the relative Receipts, Coupons and/or Talons (if any) in the form(s) set out in Part 3 (*Form of Bearer Definitive Covered Bond*), Part 4 (*Form of Receipt*), Part 5 (*Form of Coupon*) and Part 6 (*Form of Talon*) (as applicable) of Schedule 2 (*Forms of Global and Definitive Covered Bonds, Receipts, Coupons and Talons*) to the Trust Deed. Each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of the Covered Bonds represented by this Bearer Global Covered Bond (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal 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) shall be treated by the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Principal Paying Agent and any other Paying Agent as the holder of such principal amount of such Covered Bonds for all purposes other than with respect to the payment of principal and interest on such principal amount of such Covered Bonds, the right to which shall be vested, as against the Issuer and the LLP, solely in the bearer of this Bearer Global Covered Bond in accordance with and subject to the terms of this Bearer Global Covered Bond and the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment or delivery made to the bearer of this Bearer Global Covered Bond.

This Bearer Global Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

A person who is not a party to this Bearer Global Covered Bond has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Bearer Global Covered Bond, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

This Bearer Global Covered Bond shall not be valid unless authenticated by Citibank, N.A., London Branch as Principal Paying Agent and, if the applicable Final Terms indicates that this Global Covered Bond is intended to be held in a manner which would allow Eurosystem eligibility, effectuated by the entity appointed as common safekeeper by the relevant Clearing Systems.

IN WITNESS whereof the Issuer has caused this Bearer Global Covered Bond to be signed manually or in facsimile by a person duly authorised on its behalf.

Issued as of the Issue Date specified in the Final Terms.

TSB BANK plc

By:

Authorised Signatory

Authenticated without recourse, warranty or liability
by

CITIBANK, N.A., LONDON BRANCH

as Principal Paying Agent.

By:

Authorised Officer

⁵Effectuated without recourse,
warranty or liability by

.....

as common safekeeper

By:

5 This should only be completed where the Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond.

PART 3

FORM OF BEARER DEFINITIVE COVERED BOND

[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.]⁸

TSB BANK plc

(incorporated with limited liability under the laws of Scotland)

(the Issuer)

**[Specified Currency and Aggregate Nominal Amount of Tranche]
COVERED BONDS DUE**

[Year of Maturity]

irrevocably guaranteed as to payments of interest and principal by

TSB COVERED BONDS LLP

(a limited liability partnership incorporated in England and Wales)

(the LLP)

This Covered Bond is one of a Series of Covered Bonds of [Specified Currency(ies) and Specified Denomination(s)] each of the Issuer (**Covered Bonds**) which are constituted by a Trust Deed (as defined below). References herein to the **Conditions** shall be to the Terms and Conditions [endorsed hereon/set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out herein] as supplemented, replaced and modified by the relevant information appearing in the Final Terms (the **Final Terms**) endorsed hereon but, in the event of any conflict between the provisions of the said Conditions and such information in the Final Terms, such information will prevail.

Words and expressions defined in the Conditions shall bear the same meanings when used in this Covered Bond.

This Covered Bond is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 24 February 2017 and made between the Issuer, the LLP and Citicorp Trustee Company Limited in its capacities as Bond Trustee and as Security Trustee.

For value received, the Issuer, subject to and in accordance with the Conditions and the Trust Deed, hereby promises to pay to the bearer hereof on [each Instalment Date and] the Final Maturity Date and/or on such earlier date as this Covered Bond may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable on redemption of this Covered Bond and to pay interest (if any) on the Principal Amount Outstanding of this Covered Bond calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

This Bearer Definitive Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

⁸ Delete where the original maturity of the Covered Bonds is 1 year or less.

Neither this Covered Bond nor the Receipts or Coupons appertaining hereto shall be valid or obligatory for any purpose unless and until this Covered Bond has been authenticated by Citibank, N.A., London Branch as Principal Paying Agent.

IN WITNESS whereof this Covered Bond has been executed on behalf of the Issuer.

Issued as of [], 20[●].

TSB BANK plc

By:
Authorised Signatory

Authenticated without recourse, warranty or liability
by
CITIBANK, N.A., LONDON BRANCH
as Principal Paying Agent.

By:
Authorised Officer

[0,000/00,000]	[ISIN]	[Series]	[Serial No.]
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[CONDITIONS]

[Conditions to be as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to this Trust Deed or such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange (if any)]

FINAL TERMS

[Here to be set out the text of the relevant information supplementing, replacing or modifying the Conditions which appears in the Final Terms relating to the Covered Bonds]

PART 4
FORM OF RECEIPT

[Face of Receipt]

TSB BANK plc

[Specified Currency and Aggregate Nominal Amount of Tranche]
COVERED BONDS DUE [Year of Maturity]
irrevocably guaranteed as to payments of interest and principal by

TSB COVERED BONDS LLP

Series No. []

[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.]⁹

Receipt for the sum of [] being the instalment of principal payable in accordance with the Terms and Conditions applicable to the Covered Bond to which this Receipt appertains (the **Conditions**) on [].

This Receipt is issued subject to and in accordance with the Conditions which shall be binding upon the holder of this Receipt (whether or not it is for the time being attached to such Covered Bond) and is payable at the specified office of any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Covered Bondholders).

This Receipt must be presented for payment together with the Covered Bond to which it appertains. The Issuer shall have no obligation in respect of any Receipt presented without the Covered Bond to which it appertains or any unmatured Receipts.

⁹ Delete where the original maturity of the Covered Bonds is 1 year or less.

PART 5

FORM OF COUPON

[Face of Coupon]

TSB BANK plc

**[Specified Currency and Aggregate Nominal Amount of Tranche]
COVERED BONDS DUE [Year of Maturity]**
irrevocably guaranteed as to payments of interest and principal by

TSB COVERED BONDS LLP

Series No. []*

[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.]¹⁰

[Coupon appertaining to a Covered Bond in the denomination of [Specified Currency and Specified Denomination]].¹¹

Part A

[For Fixed Rate Covered Bonds:

This Coupon is payable to bearer, separately Coupon for [] due on [], [] negotiable and subject to the Terms and Conditions of the said Covered Bonds.

Part B

[For Floating Rate Covered Bonds:

Coupon for the amount due in accordance with the Terms and Conditions endorsed on, attached to or incorporated by reference into the said Covered Bonds on [the Interest Payment Date falling in [] []/[]].

This Coupon is payable to bearer, separately negotiable and subject to such Terms and Conditions, under which it may become void before its due date.]

[No.]	[0,000/00,000]	[ISIN]	[Series]	[Serial No.]
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¹⁰ Delete where the original maturity of the Covered Bonds is 1 year or less.

¹¹ Delete where the Covered Bonds are all of the same denomination

PART 6

FORM OF TALON

[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.]¹²

[Face of Talon]

TSB BANK plc

**[Specified Currency and Aggregate Nominal Amount of Tranche]
COVERED BONDS DUE [Year of Maturity]
irrevocably guaranteed as to payments of interest and principal by**

TSB COVERED BONDS LLP

Series No. []

[Talon appertaining to a Covered Bond in the denomination of [Specified Currency and Specified Denomination]]¹³

On and after [] further Coupons [and a further Talon]¹⁴ appertaining to the Covered Bond to which this Talon appertains will be issued at the specified office of any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Covered Bondholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Covered Bond to which this Talon appertains.

[No.]	[0,000/00,000]	[ISIN]	[Series]	[Serial No.]
-------	----------------	--------	----------	--------------

12 Delete where the original maturity of the Covered Bonds is 1 year or less.
13 Delete where the Covered Bonds are all of the same denomination.
14 Not required on last Coupon sheet.

[Reverse of Receipts, Coupons and Talons]

PRINCIPAL PAYING AGENT

[●]
[●]

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

PART 7

FORMS OF REGISTERED GLOBAL COVERED BOND

THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST THEREIN), EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED, THAT EITHER (1) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (ERISA) AND SUBJECT TO TITLE I OF ERISA, OR A "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE CODE), OR AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (SIMILAR LAW), OR (2) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS COVERED BOND DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

[THIS NOTE IS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, TOTAL AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE [ISSUER] AT [CONTACT INFORMATION].] 3

3 Insert and complete if original issue discount applies.

TSB BANK plc

(incorporated with limited liability under the laws of Scotland)

(the Issuer)

irrevocably guaranteed as to payments of interest and principal by

TSB COVERED BONDS LLP

(a limited liability partnership incorporated in England and Wales)

(the LLP)

REGISTERED GLOBAL COVERED BOND

The Issuer hereby certifies that [] is, at the date hereof, entered in the Register as the holder of the Principal Amount Outstanding of [] of a duly authorised issue of Covered Bonds of the Issuer (the **Covered Bonds**) of the Specified Currency and Specified Denomination(s) specified in the Final Terms applicable to the Covered Bonds (the **Final Terms**), a copy of which is annexed hereto. References herein to the Conditions shall be to the Conditions of the Covered Bonds as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Trust Deed (as defined below) as supplemented, replaced and modified by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, such information will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Registered Global Covered Bond. This Registered Global Covered Bond is issued subject to, and with the benefit of, the Conditions and a Trust Deed (as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 24 February 2017 and made between the Issuer, the LLP and Citicorp Trustee Company Limited in its capacities as Bond Trustee and as Security Trustee.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, agrees to pay to such registered holder on the Final Maturity Date and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Registered Global Covered Bond may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Covered Bonds on each such date and to pay interest (if any) on the Principal Amount Outstanding of the Covered Bonds from time to time represented by this Registered Global Covered Bond calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Registered Global Covered Bond at the specified office of the Registrar at [●] or such other specified office as may be specified for this purpose in accordance with the Conditions. On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Registered Global Covered Bond details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One hereto and the relevant space in Schedule One hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption or purchase and cancellation the Principal Amount Outstanding of this Registered Global Covered Bond and the Covered Bonds held by the registered holder hereof shall be reduced by the Principal Amount Outstanding of such Covered Bonds so redeemed or purchased and cancelled. The nominal amount of this Registered Global Covered Bond and of the Covered Bonds held by the registered holder hereof following any such redemption or purchase and cancellation as aforesaid or any transfer or exchange as referred to below shall be the Principal Amount Outstanding most recently entered in the relevant column in Part II or III of Schedule One hereto or in Schedule Two hereto.

This Registered Global Covered Bond may be exchanged (free of charge) in whole, but not in part, for Registered Definitive Covered Bonds without Receipts, Coupons or Talons attached only upon the occurrence of an Exchange Event.

An **Exchange Event** means the Issuer being 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, whether

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.

Upon the occurrence of an Exchange Event:

- (i) the Issuer will promptly give notice to Covered Bondholders in accordance with Condition 13 (*Notices*) of the occurrence of such Exchange Event; and
- (ii) Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Registered Global Covered Bond) or the Bond Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in 0 above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Covered Bonds represented by this Registered Global Covered Bond are transferable only in accordance with, and subject to, the provisions hereof and of the Agency Agreement dated 24 February 2017 (as amended, supplemented, restated and/or novated from time to time) and the rules and operating procedures of Euroclear, Clearstream, Luxembourg.

On any transfer pursuant to which either (i) Covered Bonds represented by this Registered Global Covered Bond are no longer to be so represented or (ii) Covered Bonds not so represented are to be so represented, details of such transfer shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such transfer shall be signed by or on behalf of the Issuer, whereupon the Principal Amount Outstanding of this Registered Global Covered Bond and the Covered Bonds held by the registered holder hereof shall be increased or reduced (as the case may be) by the Principal Amount Outstanding so transferred.

Subject as provided in the following two paragraphs, until the exchange of the whole of this Registered Global Covered Bond as aforesaid, the registered holder hereof shall in all respects be entitled to the same benefits as if he were the registered holder of Registered Definitive Covered Bonds in the form set out in Part 8 (*Form of Registered Definitive Covered Bond*) of Schedule 2 (*Forms of Global and Definitive Covered Bonds, Receipts, Coupons and Talons*) to the Trust Deed.

Where this Registered Global Covered Bond is registered in the name of a common depository for Euroclear and/or Clearstream, Luxembourg or its nominee, and subject as provided in the Trust Deed, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as entitled to a particular Principal Amount Outstanding of the Covered Bonds represented by this Registered Global Covered Bond (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the Principal Amount Outstanding 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) shall be deemed to be the holder of such Principal Amount Outstanding of the Covered Bonds for all purposes other than with respect to payments in respect of such Principal Amount Outstanding of such Covered Bonds for which purpose the registered holder of this Registered Global Covered Bond shall be deemed to be the holder of such Principal Amount Outstanding of the Covered Bonds in accordance with and subject to the terms of this Registered Global Covered Bond and the Trust Deed.

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

This Registered Global Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

This Registered Global Covered Bond shall not be valid unless authenticated by Citibank, N.A., London Branch, as Registrar.

IN WITNESS whereof the Issuer has caused this Registered Global Covered Bond to be signed manually or in facsimile by a person duly authorised on its behalf.

TSB BANK plc

By:

Authorised Signatory

Authenticated without recourse, warranty or liability by

CITIBANK, N.A., LONDON BRANCH

as Registrar

By:

Authorised Officer

PART 8

FORM OF REGISTERED DEFINITIVE COVERED BOND

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE PURSUANT TO RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST THEREIN), EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED, THAT EITHER (1) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (ERISA) AND SUBJECT TO TITLE I OF ERISA, OR A "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE CODE), OR AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (SIMILAR LAW), OR (2) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS COVERED BOND DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

[THIS NOTE IS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, TOTAL AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE [ISSUER] AT [CONTACT INFORMATION].]³

³ Insert and complete if original issue discount applies.

TSB BANK plc

(incorporated with limited liability under the laws of Scotland)

(the Issuer)

[Specified Currency and Nominal Amount of Tranche]

COVERED BONDS DUE

[Year of Maturity]

irrevocably guaranteed as to payments of interest and principal by

TSB COVERED BONDS LLP

(a limited liability partnership incorporated in England and Wales)

(the LLP)

This Covered Bond is one of a Series of Covered Bonds of [Specified Currency(ies) and Specified Denomination(s)] each of the Issuer. References herein to the Conditions shall be to the Terms and Conditions [endorsed hereon/set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out hereon] as supplemented, replaced and modified by the relevant information (appearing in the Final Terms (the **Final Terms**)) endorsed hereon but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, such information will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Covered Bond. This Covered Bond is issued subject to, and with the benefit of, the Conditions and a Trust Deed (as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 24 February 2017 and made between (*inter alios*) the Issuer, the LLP and Citicorp Trustee Company Limited in its capacities as Bond Trustee and as Security Trustee.

THIS IS TO CERTIFY that [] is/are the registered holder(s) of one of the above-mentioned Covered Bonds and is/are entitled on the Final Maturity Date and/or on such earlier date as this Covered Bond may become due and repayable in accordance with the Conditions and the Trust Deed, to the amount payable or assets deliverable, as the case may be, on redemption of this Covered Bond and to receive interest (if any) on the nominal amount of this Covered Bond calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

This Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

This Covered Bond shall not be valid unless authenticated by Citibank, N.A., London Branch, as Registrar.

IN WITNESS whereof this Covered Bond has been executed on behalf of the Issuer.

Issued as of [], 20[●].

TSB BANK plc

By:

Authorised Signatory

Authenticated without recourse, warranty or liability

by

CITIBANK, N.A., LONDON BRANCH

as Registrar

By:

Authorised Officer

- FORM OF TRANSFER OF REGISTERED COVERED BOND -

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) to

.....
.....
.....

(Please print or type name and address (including postal code) of transferee)

[Specified Currency][] Principal Amount Outstanding of this Covered Bond and all rights hereunder, hereby irrevocably constituting and appointing as attorney to transfer such Principal Amount Outstanding of this Covered Bond in the Register maintained by the Registrar on behalf of TSB BANK plc with full power of substitution.

Signature(s)
.....

Date:

N.B.: This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions and must be executed under the hand of the transferor or, if the transferor is a corporation, either under its common seal or under the hand of two of its officers duly authorised in writing and, in such latter case, the document so authorising such officers must be delivered with this form of transfer.

[Conditions]

[Conditions to be as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to this Trust Deed or such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange (if any).]

Final Terms

[Here to be set out text of the relevant information supplementing, replacing or modifying the Conditions which appear in the Final Terms relating to the Covered Bonds]

SCHEDULE 3

FORM OF NOTICE TO PAY

[On the letterhead of the Bond Trustee]

To: TSB Covered Bonds LLP (the **LLP**)
1 Bartholomew Lane
London EC2N 2AX

[insert date]

Dear Sirs,

Notice to Pay under Covered Bond Guarantee

We refer to the £10 billion Global Covered Bond Programme of the Issuer and the trust deed dated 24 February 2017 made between the Issuer, the LLP and Citicorp Trustee Company Limited as Bond Trustee and as Security Trustee, as supplemented from time to time (the **Trust Deed**).

We hereby confirm that an Issuer Event of Default has occurred and an Issuer Acceleration Notice has been served on the Issuer. Accordingly, this notice shall constitute a Notice to Pay which is served upon the LLP pursuant to Clause 7 (*Covered Bond Guarantee*) of the Trust Deed.

Unless the context otherwise requires, capitalised terms used in this Notice to Pay and not defined herein shall have the meanings provided in the master definitions and construction agreement made between, *inter alios*, the Issuer, the LLP, the Principal Paying Agent and the Bond Trustee on 24 February 2017 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time) (the **Master Definitions and Construction Agreement**).

Yours faithfully,

.....

for and on behalf of

CITICORP TRUSTEE COMPANY LIMITED

SCHEDULE 4

PROVISIONS FOR MEETINGS OF COVERED BONDHOLDERS

1. (a) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
 - (i) **voting certificate** shall mean an English language certificate issued by a Paying Agent and dated in which it is stated:
 - (A) that on the date thereof Bearer Covered Bonds (not being Bearer Covered Bonds in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate or any adjourned such meeting) bearing specified certificate numbers (distinguishing between Bearer Covered Bonds of different denominations) were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system or were deposited with such Paying Agent and that no such Bearer Covered Bonds will be released until the first to occur of:
 - I. the conclusion of the meeting specified in such certificate or, if applicable, of any adjourned such meeting; and
 - II. the surrender of the certificate to the Paying Agent who issued the same; and
 - (B) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Covered Bonds represented by such certificate;
 - (ii) **block voting instruction** shall mean an English language document issued by a Paying Agent and dated in which:
 - (A) it is certified that Bearer Covered Bonds (not being Bearer Covered Bonds in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) bearing specified certificate numbers (distinguishing between Bearer Covered Bonds of different denominations) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system or were deposited with such Paying Agent and that no such Bearer Covered Bonds will be released until the first to occur of:
 - I. the conclusion of the meeting specified in such document or, if later, of any adjourned such meeting; and
 - II. the surrender to the Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying Agent in respect of each such deposited Bearer Covered Bond which is to be released or (as the case may require) the Bearer Covered Bond or Bearer

Covered Bonds ceasing with the agreement of the Paying Agent to be held to its order or under its control or so blocked and the receipt of notice by the Issuer from the Paying Agent in accordance with paragraph 17 hereof of the necessary amendment to the block voting instruction;

- (B) it is certified that each holder of such Bearer Covered Bonds has instructed such Paying Agent that the vote(s) attributable to the Bearer Covered Bond or Bearer Covered Bonds so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
 - (C) the total number (distinguishing between Bearer Covered Bonds of different denominations) and (in the case only of Definitive Covered Bonds so held or deposited) of the certificate numbers of the Bearer Covered Bonds so deposited or held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
 - (D) one or more persons named in such document (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Bearer Covered Bonds so listed in accordance with the instructions referred to in (C) above as set out in such document;
- (iii) **24 hours** shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and
 - (iv) **48 hours** shall mean a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.
- (b) The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Covered Bondholders be deemed to be the holder of the Bearer Covered Bonds to which such voting certificate or block voting instruction relates and the relevant holder of the Covered Bonds, the Paying Agent to the order of or under the control of which the Bearer Covered Bonds are held, the person so holding the Bearer Covered Bonds and (in the case only of Definitive Covered Bonds so deposited) the Paying Agent with which such Bearer

Covered Bonds have been deposited shall be deemed for such purpose not to be the holder of those Bearer Covered Bonds. No voting certificate or block voting instruction shall be issued less than 48 hours before the time for which the relevant meeting or adjourned meeting has been convened.

- (c) (i) A holder of Registered Covered Bonds (including, for the avoidance of doubt, an N Covered Bond (whether in definitive form or represented by a Registered Global Covered Bond) may, by an instrument in writing in the English language (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the relevant meeting, appoint any person (a **proxy**) to act on his or its behalf in connection with any meeting of the Covered Bondholders and any adjourned such meeting.
- (ii) Any holder of Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a **representative**) in connection with any meeting of the Covered Bondholders and any adjourned such meeting.
- (iii) Any proxy appointed pursuant to sub-paragraph (i) above or representative appointed pursuant to sub-paragraph (ii) shall so long as such appointment remains in force be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Covered Bondholders, to be the holder of the Registered Covered Bonds to which such appointment relates and the holder of the Registered Covered Bonds shall be deemed for such purposes not to be the holder.

2. The Issuer, the LLP or the Bond Trustee or (in relation to a meeting for the passing of a Programme Resolution which is not for the purpose of directing the Bond Trustee to accelerate the Covered Bonds or to take enforcement action pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions) the Covered Bondholders of any Series may at any time and the Issuer shall upon a requisition in writing in the English language signed by the holders of not less than ten per cent. of the Principal Amount Outstanding of the Covered Bonds for the time being outstanding convene a meeting of the Covered Bondholders and if the Issuer or the LLP make default for a period of seven days in convening such meeting the same may be convened by the Bond Trustee or the requisitionists. In relation to a meeting for the passing of a Programme Resolution which is for the purpose of directing the Bond Trustee to accelerate the Covered Bonds or to take enforcement action pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions, the Covered Bondholders of all Series (with the Covered Bonds of all Series taken together as a single Series) may at any time and the Issuer shall upon a requisition in writing in the English language signed by the holders of not less than 20 per cent. of the Principal Amount Outstanding of the Covered Bonds for the time being outstanding convene a meeting of the Covered Bondholders. If the Issuer or the LLP makes default for a period of seven days in convening such a meeting the same may be convened by the Bond Trustee or the requisitionists. Every such meeting shall be held at such place and at such time (which need not be a physical place and instead may be by way of conference call including by use of a videoconference platform) as the Bond Trustee may appoint or approve. Where any such meeting is convened upon the requisition of Covered Bondholders, it shall not be incumbent upon the Issuer within 12 months of such meeting or, if applicable, any adjourned such meeting to convene any further meeting upon any further such requisition to consider the same or an effectively or materially similar matter or matters.

3. Save as provided in paragraph 6, at least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place (which need not be a physical place and instead may be by way of conference call including by use of a videoconference platform), day and hour of meeting shall be given to the holders of the relevant Covered Bonds in the manner provided by Condition 13 (*Notices*) of the Programme Conditions or the equivalent Condition of the N Covered Bond Conditions. Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include statements, if applicable, to the effect that (i) Bearer Covered Bonds may be deposited with Paying Agents, in the case of Definitive Covered Bonds, or (to their satisfaction) held to their order or under their control or blocked in an account with a clearing system for the purpose of obtaining voting certificates or appointing proxies and (ii) the holders of Registered Covered Bonds may appoint proxies by executing and delivering a form of proxy in the English language to the specified office of the Registrar or any Transfer Agent not less than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution of their directors or other governing body. A copy of the notice shall be sent by first class pre-paid post (airmail, if overseas), telex, facsimile transmission or telegram or delivered by hand to the Bond Trustee (unless the meeting is convened by the Bond Trustee), and to the Issuer (unless the meeting is convened by the Issuer) and to the LLP (unless the meeting is convened by the LLP).
4. A person (who may but need not be a Covered Bondholder) nominated in writing by the Bond Trustee shall be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting or adjourned meeting the Covered Bondholders present shall choose one of their number to be Chairman.
5. At any such meeting one or more persons present holding voting certificates or being proxies or representatives or, in the case of a meeting of Covered Bondholders, holding Definitive Covered Bonds and representing or holding in the aggregate not less than one-twentieth of the Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution or a Programme Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution (subject as provided below) or a Programme Resolution shall be one or more persons present holding voting certificates or being proxies or representatives or holding Definitive Covered Bonds and holding or representing in the aggregate a clear majority of the Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding PROVIDED THAT at any meeting the business of which includes any of the following matters (each of which shall, subject only to Clause 20.2 (*Modification*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:
 - (a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment, or, where applicable, modification of the method of calculating the date of payment or delivery in respect of any principal or interest in respect of the Covered Bonds other than in accordance with the terms thereof;
 - (b) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made;
 - (c) alteration of the majority required to pass an Extraordinary Resolution;

- (d) any amendment to the Covered Bond Guarantee or the Deed of Charge;
- (e) the sanctioning of any such scheme or proposal as is described in paragraph 18(i) below; and
- (f) alteration of this paragraph 5 or the proviso to paragraph 6 below,

(each a **Series Reserved Matter**), the quorum shall be one or more persons present holding Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than two-thirds of the Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding.

6. If within 30 minutes after the time appointed for any such meeting a quorum is not present, the meeting shall if convened upon the requisition of Covered Bondholders be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (which need not be a physical place and instead may be by way of conference call including by use of a videoconference platform) (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 14 days nor more than 24 days and to such place and time (which need not be a physical place and instead may be by way of conference call including by use of a videoconference platform) as may be appointed by the Chairman and approved by the Bond Trustee or, failing agreement, as appointed by the Bond Trustee). Provided that at any adjourned meeting one or more persons present holding voting certificates or being proxies or representatives or holding Definitive Covered Bonds (whatever the Principal Amount Outstanding of the Bearer Covered Bonds of the relevant Series so held or represented by them) shall form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution, Programme Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present PROVIDED THAT at any adjourned meeting the quorum for the transaction of business comprising any Series Reserved Matter shall be one or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one-third of the Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding:
7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall (except in cases where either of the proviso to paragraph 6 shall apply when it shall state the relevant quorum) state that one or more persons present holding voting certificates or being proxies or representatives or (in the case only of a meeting of Covered Bondholders) holding Covered Bonds at the adjourned meeting whatever the Principal Amount Outstanding of the Covered Bonds so represented or held by them will form a quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.
8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Covered Bondholder or as a holder of a voting certificate or as a proxy or as a representative.
9. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Issuer, the LLP, the Bond Trustee or by one or more persons present holding Definitive Covered Bonds or a voting certificate or being a proxy or representative and representing or holding in the aggregate not less than one-fiftieth of the Principal Amount Outstanding of the Covered Bonds a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive

evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. Subject to paragraph 6, the Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. The Bond Trustee and its lawyers and any director, officer or employee of a corporation being a bond trustee of the trust presents and any director or officer of the Issuer or, as the case may be, the LLP and any of their lawyers and any other person authorised so to do by the Bond Trustee may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of **outstanding** as set out in the Master Definitions and Construction Agreement, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of Covered Bondholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on Covered Bondholders by Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions and/or Clause 10 (*Proceedings, Action and Indemnification*) unless he either produces the Bearer Definitive Covered Bond or Bearer Definitive Covered Bonds of which he is the holder or a voting certificate or is a proxy or a representative or is the holder of a Registered Definitive Covered Bond or Registered Definitive Covered Bonds. No person shall be entitled to vote at any meeting in respect of Covered Bonds held by, for the benefit of, or on behalf of, the Issuer, the LLP, the Issuer's holding company and any subsidiaries of such holding company (unless and until ceasing to be so held) except in the case of the Issuer, where all of the Covered Bonds are held by or on behalf of the Issuer in which case such Covered Bonds. Nothing herein shall prevent any of the proxies named in any block voting instruction or form of proxy or any representative from being a director, officer or representative of or otherwise connected with the Issuer or the LLP.
14. Subject as provided in paragraphs 8 and 13 hereof at any meeting:
 - (a) on a show of hands every person who is present in person and produces a Bearer Definitive Covered Bond or voting certificate or is a holder of a Registered Definitive Covered Bond or is a proxy or representative shall have one vote; and
 - (b) on a poll every person who is so present shall have one vote in respect of each integral currency unit of the Specified Currency (or such other amount as the Bond Trustee may in its absolute discretion stipulate) of the Covered Bonds so produced or represented by the voting certificate so produced or in respect of which he is a proxy or representative or in respect of each integral currency unit of the Specified Currency (or such other amount as aforesaid) of the Covered Bonds so produced or in respect of which he is a registered holder.

Subject to the obligations of the proxies named in any block voting instruction or form of proxy and representatives any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. The proxies named in any block voting instruction or form of proxy and representatives need not be Covered Bondholders.
16. Each block voting instruction together (if so requested by the Bond Trustee) with proof satisfactory to the Bond Trustee of its due execution on behalf of the relevant Paying Agent and each form of proxy shall be deposited by the relevant Paying Agent or (as the case may be) by the Registrar or the relevant Transfer Agent at the registered office of the Issuer (or such place as the Bond Trustee shall approve) not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction or form of proxy propose to vote and in default the block voting instruction or form of proxy shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A copy of each block voting instruction and form of proxy shall be deposited with the Bond Trustee before the commencement of the meeting or adjourned meeting but the Bond Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction or form of proxy.
17. Any vote given in accordance with the terms of a block voting instruction or form of proxy shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or form of proxy or of any of the relevant Covered Bondholders' instructions pursuant to which it was executed PROVIDED THAT no intimation in writing of such revocation or amendment shall have been received from the relevant Paying Agent or, as the case may be, the relevant Transfer Agent or the Registrar by the Issuer at its registered office (or such other place as may have been approved by the Bond Trustee for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction or form of proxy is to be used.
18. A meeting of the Covered Bondholders shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above) namely:
 - (a) Power to sanction any compromise or arrangement proposed to be made between the Issuer, the LLP, the Bond Trustee, the Security Trustee, any Appointee and the Covered Bondholders, Receiptholders and Couponholders or any of them.
 - (b) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Bond Trustee, the Security Trustee, any Appointee, the Covered Bondholders, the Receiptholders, Couponholders, or the Issuer or the LLP or against any other or others of them or against any of their property whether such rights shall arise under the trust presents or the other Transaction Documents or otherwise.
 - (c) Power to assent to any modification of the provisions of the trust presents or the other Transaction Documents which shall be proposed by the Issuer, the LLP, the Bond Trustee or the Security Trustee.
 - (d) Power to give any authority or sanction which under the provisions of the trust presents is required to be given by Extraordinary Resolution.
 - (e) Power to appoint two or more persons (whether Covered Bondholders or not) to act as a committee or committees to represent the interests of the Covered Bondholders and to confer upon such committee or committees any powers or discretions which the Covered Bondholders could themselves exercise by Extraordinary Resolution.
 - (f) Power to approve of a person to be appointed a bond trustee and power to remove any bond trustee or bond trustees for the time being of the trust presents and/or the Deed of Charge.

- (g) Power to discharge or exonerate the Bond Trustee and/or any Appointee from all liability in respect of any act or omission for which the Bond Trustee and/or such Appointee may have become responsible under the trust presents and/or the Deed of Charge or under the Covered Bonds.
 - (h) Power to authorise the Bond Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.
 - (i) Power to sanction any scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Covered Bondholders to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively.
19. Any resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the trust presents shall be binding upon all the Covered Bondholders whether present or not present at such meeting and upon all Receiptholders and Couponholders and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Covered Bondholders shall unless the Bond Trustee shall otherwise agree be published in accordance with Condition 13 (*Notices*) of the Programme Conditions or, in the case of an N Covered Bond, in accordance with the relevant N Covered Bond Conditions (if applicable) by the Issuer within 14 days of such result being known PROVIDED THAT the non-publication of such notice shall not invalidate such resolution.
20. The expression **Extraordinary Resolution** when used in the trust presents means (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the trust presents by a majority consisting of at least 75 per cent. of the votes cast; or (b) a resolution in writing signed by or on behalf of Covered Bondholders holding not less than 75 per cent. in Principal Amount Outstanding of the Covered Bonds, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Covered Bondholders.
21. Minutes of all resolutions and proceedings at every meeting of the Covered Bondholders shall be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made and signed shall be deemed to have been duly held and convened and all resolutions passed thereat or proceedings transacted thereat to have been duly passed or transacted.
22. (a) If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:
- (i) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Covered Bonds of only one Series shall be deemed to have been duly

passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;

- (ii) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;
 - (iii) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;
 - (iv) a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series; and
 - (v) to all such meetings all the preceding provisions of this Schedule shall *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.
- (b) If the Issuer shall have issued and have outstanding Covered Bonds which are not denominated in Sterling in the case of any meeting or request in writing or written resolution of holders of Covered Bonds of more than one currency (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom or any such request or written resolution) the Principal Amount Outstanding of such Covered Bonds shall be the equivalent in Sterling at the relevant Covered Bond Swap Rate. In such circumstances, on any poll each person present shall have one vote for each £1 (or such other Sterling amount as the Bond Trustee may in its absolute discretion stipulate) of the Principal Amount Outstanding of the Covered Bonds (converted as above) which he holds or represents.

23. Subject to all other provisions of the trust presents the Bond Trustee may without the consent of the Issuer, the LLP, the Covered Bondholders, the Receiptholders or the Couponholders prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Covered Bondholders and attendance and voting thereat as the Bond Trustee may in its sole discretion think fit (including the holding of meetings by conference call, including by use of a videoconference platform, in circumstances where it may be impractical or inadvisable to hold physical meetings).

SCHEDULE 5

FORM OF OFFICERS' CERTIFICATE

[ON THE HEADED PAPER OF THE ISSUER/LLP]

To: Citicorp Trustee Company Limited
Citigroup Centre, 25 Canada Square
Canary Wharf
London, E14 5LB
For the attention of []

[Date]

Dear Sirs,

[Description of Covered Bonds]

This certificate is given to you in your capacity as Bond Trustee under the Trust Deed (as defined below) in accordance with Clause 15(a)(x) (*Covenants by the Issuer and the LLP*) of the Trust Deed dated 24 February 2017 (the **Trust Deed**) and made between TSB Bank plc (the **Issuer**), TSB Covered Bonds LLP (the **LLP**) and Citicorp Trustee Company Limited (the **Bond Trustee**). All words and expressions defined in the Trust Deed shall (save as otherwise provided herein or unless the context otherwise requires) have the same meanings herein.

We hereby certify to you in your capacity as aforesaid that:

- (a) [as at []¹⁵, no Issuer Event of Default or Issuer Event of Default existed [other than []]¹⁶ [and no Issuer Event of Default or Potential Issuer Event of Default had existed at any time since []¹⁷] [the certification date of the previous certificate delivered under Clause 15(a)(x)¹⁸ (*Covenants by the Issuer and the LLP*) [other than []]¹⁹; and]
- (b) as at []¹⁵ no LLP Event of Default or Potential LLP Event of Default existed [other than []]¹⁶ [and No LLP Event of Default or Potential LLP Event of Default had existed at any time since []¹⁷] [the certification date of the previous certificate delivered under Clause 15(a)(x) (*Covenants by the Issuer and the LLP*)]¹⁸ [other than []]¹⁹; and]
- (c) [from and including []¹⁷ [the certification date of the previous certificate delivered under Clause 15(a)(x) (*Covenants by the Issuer and the LLP*)]¹⁸ to and including []¹⁵, [the Issuer] [the LLP]²⁰ has complied with all its obligations under the trust presents [other than []]²¹.]

.....
Authorised Signatory

.....
Authorised Signatory

15 Specify a date not more than 7 days before the date of delivery of the certificate.
16 If any event of default or potential event of default did exist, give details; otherwise delete.
17 Insert date of Trust Deed in respect of the first certificate delivered under Clause 15(a)(x), otherwise delete.
18 Include unless the certificate is the first certificate delivered under Clause 15(a)(x), in which case delete.
19 If any event of default or potential event of default did exist, give details, otherwise delete.
20 Delete as appropriate.
21 If the Issuer [and/or LLP] has failed to comply with any such obligation(s), give details; otherwise delete.

SCHEDULE 6

PRO FORMA N COVERED BOND, N COVERED BOND CONDITIONS, N COVERED BOND ASSIGNMENT AGREEMENT, N COVERED BOND CONFIRMATION AND N COVERED BOND CONFIRMATION TERMS

FORM OF N COVERED BOND

N COVERED BOND

(NAMENSSCHULDVERSCHREIBUNG)

THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

TSB BANK PLC

SERIES [●] N COVERED BOND *(NAMENSSCHULDVERSCHREIBUNG)*

[insert currency and principal amount]

Issue date: *[insert date]*

Final Maturity Date: *[insert date]*

[Extended Due for Payment Date under the Covered Bond Guarantee: *[insert date]*]

unconditionally and irrevocably guaranteed as to payments of interest and principal in accordance with the Regulated Covered Bonds Regulations 2008 of England and Wales (S.I. 2008/346) by

TSB COVERED BONDS LLP

(a limited liability partnership incorporated under the Laws of England and Wales)

This certificate evidences the Series [●] N Covered Bond *(Namensschuldverschreibung)* (the **N Covered Bond**) of TSB Bank plc (the **Issuer**) described, and having the provisions specified, in the N Covered Bond Conditions attached as Schedule 1 hereto (the **N Covered Bond Conditions**). Words and expressions defined or set out in the N Covered Bond Conditions shall have the same meaning when used in this certificate.

The Issuer shall pay to the registered holder of this N Covered Bond the amounts payable in respect thereof pursuant to the N Covered Bond Conditions.

The Issuer hereby certifies that at the date hereof *[insert name]* of *[insert address]* has been entered in the Register as the holder of this N Covered Bond in the aforesaid principal amount.

This N Covered Bond shall not be valid unless authenticated by the Registrar.

IN WITNESS whereof the Issuer has caused this N Covered Bond to be duly executed on its behalf.

[insert issue date]

TSB BANK PLC

SIGNED by [*insert name of individual*])
as an authorised signatory)
for **TSB BANK PLC**)
in the presence of:)

Witness's Signature

Name:
Address:
.....

Authenticated without recourse,
Warranty or liability by
CITIBANK, N.A., LONDON
BRANCH as Registrar
By:

SCHEDULE 1

N COVERED BOND CONDITIONS

1. Currency and Principal Amount, Form, Transfer and other

1.1 *Currency and Principal Amount.* This N Covered Bond (*gedeckte Namensschuldverschreibung*) is issued by TSB Bank plc (the **Issuer**) in [*insert specified currency*] (the **Specified Currency**) in the principal amount of [*insert principal amount*²²] (the **Principal Amount**) on [*insert issue date*] (the **Issue Date**). [This N Covered Bond is issued at a price of [●] per cent. of the Principal Amount (the **Issue Price**).]

1.2 *Form.* This N Covered Bond is represented by a certificate (the **Certificate**) which bears the manual, facsimile signature of one duly authorised signatory of the Issuer and is manually authenticated by or on behalf of the Registrar.

1.3 *Transfer.*

(a) The rights of the N Covered Bondholder arising from this N Covered Bond and title to this Certificate may be transferred in whole or in part by assignment and surrender of this Certificate, together with the duly completed and executed assignment agreement (the **Assignment Agreement**), such Assignment Agreement to be substantially in the form of the form of assignment agreement attached as Schedule 2 to the Certificate (the **Form of N Covered Bond Assignment Agreement**) at the specified office of the Registrar or its nominee and the entry of the assignee in the Register by the Registrar *provided that*:

(i) the assignee has agreed in the executed Assignment Agreement to be bound by the confirmation originally entered into by the initial N Covered Bondholder (the N Covered Bond Confirmation); and

(ii) in case the assignor has notified the Issuer and/or the Registrar that it has allocated the N Covered Bond to its guaranteed assets (*Sicherungsvermögen*), the trustee appointed in relation to the guaranteed assets (*Treuhänder für das Sicherungsvermögen*) or, as the case may be, its deputy (*Stellvertreter*) has given its consent to the assignment,

in each case of (i) and (ii) as set out in the Form of N Covered Bond Assignment Agreement.

Copies of the N Covered Bond Confirmation, the N Covered Bond Confirmation Terms and the Trust Deed are available from the Issuer or the Registrar. Any transfer of part only of this N Covered Bond is permitted only for a minimum principal amount of [*insert Specified Currency and such minimum principal amount provided that the minimum principal amount is at least EUR 200,000 or the equivalent amount in the Specified Currency*] or an integral multiple thereof.

(b) The date stated in the executed Assignment Agreement as the date on which the economic effects of the assignment shall occur shall be the Transfer Date to be entered into the Register by the Registrar. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer and the Registrar shall deem and treat the registered holder of this N Covered Bond as the sole holder of the rights arising from this N Covered Bond and owner of the Certificate.

²² To be at least EUR 200,000 or the equivalent amount in the Specified Currency.

- (c) In case of a transfer of this N Covered Bond in whole and provided the requirements specified above have been met, a new certificate will be issued and delivered to the assignee. In case of a transfer of a part only of this N Covered Bond and provided the requirements specified above have been met, new certificates in respect of the balance transferred and the balance not transferred will be issued and delivered to the transferor and to the assignee respectively.
- (d) Each new certificate to be issued upon the registration of the transfer of this N Covered Bond (in whole or in part) 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 its nominee or, as the case may be, the relevant Transfer Agent is located) following the surrender of the Certificate and the executed Assignment Agreement to the specified office of the Registrar [or, as the case may be, the relevant Transfer Agent] (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), be available for collection at the specified office of the Registrar or (at the request and risk of the N Covered Bondholder entitled to the certificate) be sent by uninsured mail to such address as may be specified in the Assignment Agreement.
- (e) The N Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require from the N Covered Bondholders the payment of a sum sufficient to enable it to pay or satisfy any stamp duty, tax or other governmental charge that may be imposed in relation to the registration and/or the transfer of the relevant N Covered Bond.
- (f) The N Covered Bondholder shall not require the transfer of this N Covered Bond to be registered during a period of 15 Business Days ending on any due date for any payment of principal or interest in respect of this N Covered Bond. Any registration of transfer required during such period shall be deemed to have been required on the business day (as referred to in (c) above) immediately following the last day of such period. The N Covered Bondholder shall not require the transfer of this N Covered Bond to be registered after such N Covered Bond has been called for redemption.

[1.4] Other terms: [*specify as applicable*].]

1.[5] In these N Covered Bond Conditions:

[**Calculation Amount** means [●].]

Covered Bond Guarantee means the unconditional and irrevocable guarantee granted by the LLP concerning the liabilities of the Issuer as to the payments of interest and principal in favour of the Bond Trustee for the benefit of the Covered Bondholders under the Programme in the circumstances further described in the Trust Deed.

N Covered Bond Confirmation means 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 means the standard set of confirmation terms relating to each N Covered Bond Confirmation, 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.

N Covered Bondholder means the registered holder of this N Covered Bond. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer shall treat the N Covered

Bondholder named herein or the N Covered Bondholder of this *Namensschuldverschreibung* to whom the claims under this *Namensschuldverschreibung* have been transferred in accordance with the following provisions as the absolute owner of the Certificate and holder of the rights arising from this *Namensschuldverschreibung*.

Register means the register maintained by the Registrar in relation to N Covered Bonds issued under the Programme.

Where the context requires and unless the context requires otherwise, any reference in these N Covered Bond Conditions to **N Covered Bond** or **this N Covered Bond** is a reference or includes a reference to any N Covered Bond transferred pursuant to an executed Assignment Agreement, and/or any certificate issued in relation to this N Covered Bond and/or any new certificate issued upon any transfer of this N Covered Bond or part thereof.

2. Status

- 2.1 This N Covered Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Issuer and ranks, *pari passu* without any preference or priority with other Covered Bonds issued under the Programme (as defined below) and (subject to any applicable statutory provisions) *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer.
- 2.2 This N Covered Bond is issued under and, subject to the execution of the N Covered Bond Confirmation by the initial N Covered Bondholder and receipt by the Issuer of that executed N Covered Bond Confirmation, forms part of the Issuer's £10 billion global Covered Bond Programme (the **Programme** and, all covered bonds issued thereunder, the **Covered Bonds** and each a **Covered Bond**) under which the liabilities of the Issuer as to the payments of interest and principal are unconditionally and irrevocably guaranteed by TSB Covered Bonds LLP (the **LLP**) in favour of Citicorp Trustee Company Limited (the **Bond Trustee**) for the benefit of the Covered Bondholders under the Programme in the circumstances further described in the Trust Deed dated 24 February 2017 (as amended, modified, superseded or replaced from time to time, the **Trust Deed**). Until confirmation of receipt by the Issuer of the N Covered Bond Confirmation, the N Covered Bond shall not constitute a Covered Bond for the purposes of the Programme and will not get the benefit of any guarantee granted by the LLP.

3. Interest

[In the case of a Fixed Rate N Covered Bond with a fixed Interest Period insert the following or other applicable provisions:]

- 3.1 This N Covered Bond bears interest on its Principal Amount Outstanding from (and including) ***[insert issue date as a calendar date or other date as required]*** (the **Interest Commencement Date**) to but excluding the first Interest Payment Date and during each successive period from and including an Interest Payment Date to but excluding the following Interest Payment Date up to (and including) the Final Maturity Date (as defined in Condition 4.1 (*Final Redemption*)) of these N Covered Bond Conditions).

[If Rate of Interest is applicable, insert:] This N Covered Bond bears interest at the rate(s) per annum equal to ***[Insert Rate(s) of Interest]*** (the **Rate(s) of Interest**) payable in arrear on ***[insert Interest Payment Date(s)]*** in each year (each such date an **Interest Payment Date(s)**). The first payment of interest shall be made on ***[insert first Interest Payment Date]***.

[If Fixed Coupon Amount is applicable insert:] The amount of interest payable on ***[insert Interest Payment Date(s)]*** in each year (each such date, an **Interest Payment Date**) will amount to ***[insert***

the Fixed Coupon Amount] (the **Fixed Coupon Amount**.)] The first payment of interest shall be made on [*insert first Interest Payment Date*].]

[*If first Interest Payment Date is not first anniversary of Interest Commencement Date insert*: The first payment of interest will amount to [*insert initial broken interest amount*] on its Principal Amount Outstanding.] [*If the Maturity Date is not an Interest Payment Date insert*: Interest in respect of the period from and including [*insert Interest Payment Date preceding the Maturity Date*] to but excluding the Final Maturity Date (as defined in Condition 4.1 (*Final Redemption*) of these N Covered Bond Conditions) will amount to [*insert final Broken Interest Amount*] on its Principal Amount Outstanding.]

3.2 As used in these N Covered Bond Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

3.3 If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding, multiplying such sum by the day count fraction (the **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:

[if **Actual/Actual (ICMA)** applies, insert:

- (A) in the case 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 (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or
- (B) in the case where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - I. 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
 - II. 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;]

[*if 30/360 applies, insert*:

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.]

[*Specify other*]

In these N Covered Bond Conditions:

[**Determination Date** means [*specify Determination Dates*];]

[**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);]

Principal Amount Outstanding means in respect of an N Covered Bond on any day the Principal Amount of that N Covered Bond on the relevant Issue Date thereof less principal amounts received by the N Covered Bondholder in respect thereof on or prior to that day; and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0.01.]

[In the case of Floating Rate N Covered Bonds insert the following or other applicable provisions:

3.4 Interest Payment Dates

This N Covered Bond bears interest on its Principal Amount Outstanding from (and including) [*insert interest commencement date as a calendar date*] (the **Interest Commencement Date**) to but excluding the next following Interest Payment Date and during each successive period from and including an Interest Payment Date to but excluding the following Interest Payment Date up to (and including) the Final Maturity Date (as defined in Condition 4.1 (*Final Redemption*) of these N Covered Bond Conditions) (each such period an **Interest Period**). Interest on this N Covered Bond shall be payable in arrear on each Interest Payment Date.

Interest Payment Date means [*in the case of Specified Interest Payment Date(s) insert: [Specified Interest Payment Dates*] in each year [as the same may be adjusted in accordance with the Business Day Convention]] [such period being the **Specified Period**.] / [*if no Specified Interest Payment Dates, insert: each date which falls [insert number] [insert months/other period] after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date [in each case as the same may be adjusted by the Business Day Convention.*]

If (x) there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) any Interest Payment Date would otherwise fall on a day which is not a Business Day, then the Business Day Convention shall be:

[the **Following Business Day Convention**, which means that such date shall be postponed to the next day that is a Business Day.]

[the **Modified Following Business Day Convention**, which means that such date shall be postponed to the next day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day.]

[the **Preceding Business Day Convention**, which means that such date shall be brought forward to the immediately preceding day that is a Business Day.]

[in any case where Specified Periods are specified in this N Covered Bond Condition, the **Floating Rate Convention**, which means that such Interest Payment Date (i) in the case of (x) above, shall be the last day which is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B)

each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred;]

In these N Covered Bond Conditions, **Business Day** means a day which 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 London [and Frankfurt]; and
- (ii) in the case of any sum payable, either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London [and Frankfurt]), respectively or (2) in relation to any Covered Bonds denominated or payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the **TARGET2 System**) is open.

3.5 Rate of Interest

The Rate of Interest payable from time to time will be determined in the following manner:

The Rate of Interest for each Interest Period will be the [*Insert Reference Rate*] (the **Reference Rate**) (expressed as a percentage rate per annum) which appears or appear, as the case may be, on [*Insert Screen Page*] (the **Relevant Screen Page**) as at 11.00 a.m. ([*insert relevant financial centre*] time) (the **Specified Time**) on the [*Insert Interest Determination Date*] the **Interest Determination Date** [[plus]/[minus] [●] per cent. per annum (the **Margin**)], all as determined by the Principal Paying Agent.

If the Calculation Agent cannot determine the Reference Rate as aforementioned, because neither the Relevant Screen Page is published nor any other agency publishes the interest rate in question, or if the Calculation Agent cannot make such determination for any other reason, then the Reference Rate for the respective Interest Period shall be the arithmetic means of the offered quotations by the Reference Banks (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards).

If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

In case of five or more of such offered quotations by the Reference Banks, the highest and the lowest shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If on any Interest Determination Date only one or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the paragraph above, 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 Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time 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 the London inter-bank market (if the Reference Rate is LIBOR)

or the Euro-zone interbank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any).

If fewer than two of the Reference Banks provide the Principal Paying Agent with offered rates (based on the deposits in the Specified Currencies as offered to the Reference Banks as set out above), 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 the Specified Time 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 Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone interbank market (if the Reference Rate is EURIBOR) 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 Condition, 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).

Reference Banks means [●].]

3.6 *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent 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 [or Calculation Agent (as the case may be)] will calculate the amount of interest payable on this N Covered Bond in respect of the Principal Amount Outstanding (each an **Interest Amount**) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding, multiplying such sum by the Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of [the relevant Specified Currency], half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In respect of the calculation of an amount of interest for any Interest Period the "**Day Count Fraction**" shall be:

[**Actual/Actual** or **Actual/Actual (ISDA)** which means the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);]

[**Actual/365 (Fixed)** which means the actual number of days in the Interest Period divided by 365;]

[**Actual/365 (Sterling)** which means the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;]

[**Actual/360** which means the actual number of days in the Interest Period divided by 360;]

[**30/360, 360/360** or **Bond Basis** which means the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1) + [30 \times (M2 - M1)] + (D2 - D1)]}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

[30E/360 or Eurobond Basis] which means the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1) + [30 \times (M2 - M1)] + (D2 - D1)]}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30;

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

[30E/360 (ISDA)] which means the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1) + [30 \times (M2 - M1)] + (D2 - D1)]}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30;

"D2" is the calendar day, expressed as a number, immediately following the last day of the Interest Period, unless (i) that day is the last day of February but not the Final Maturity Date (or, as the case may be, the Extended Due for Payment Date) or (ii) such number would be 31, in which case D2 will be 30.

3.7 *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent [or Calculation Agent (as the case may be)] 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 Registrar, the Bond Trustee, the Issuer and the N Covered Bondholder in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 3.1 (*Interest Payment Dates*) of these N Covered Bond Conditions) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without previous 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 Issuer, the Registrar, the Bond Trustee and the N Covered Bondholder in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions.

3.8 *Determination or Calculation by the Bond Trustee*

If for any reason at any relevant time after the Issue Date, the Principal Paying Agent [or Calculation Agent (as the case may be)] defaults in its obligation to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with Condition 3.3 (*Determination of Rate of Interest and Calculation of Interest Amounts*) of these N Covered Bond Conditions above or as otherwise specified herein, as the case may be, and in each case notified in accordance with Condition 3.4 (*Notification of Rate of Interest and Interest Amounts*) above, the Bond Trustee may determine (or appoint an agent to determine) the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, [but subject always to any Minimum Rate of Interest or Maximum Rate of Interest of ***Specify Maximum and Minimum Rates of Interest***]) it shall deem fair and reasonable in all the circumstances or, as the case may be, the Bond Trustee may calculate (or appoint an agent to calculate) the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent [or the Calculation Agent (as the case may be)]. Following such calculation, the Bond Trustee may notify such or cause such to be notified in accordance with Condition 3.4 (*Notification of Rate of Interest and Interest Amounts*).

3.9 *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 (*Interest*) of these N Covered Bond Conditions, whether by the Principal Paying Agent, the Registrar[, the Calculation Agent] or the Bond Trustee shall (in the absence of wilful default, manifest error, gross negligence or fraud) be binding on the Issuer, the LLP, the Principal Paying Agent, the other Paying Agents, the Bond Trustee and the N Covered Bondholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer, the LLP or the N Covered Bondholders shall attach to the Principal Paying Agent, the Registrar[, the 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.

3.10 *Accrual of Interest after the due date*

Interest (if any) will cease to accrue on this N Covered Bond (or in the case of the redemption of part only of the N Covered Bond, that part only of this N Covered Bond) on the due date for redemption unless payment of principal is improperly withheld or refused or default otherwise occurs in respect of payment, in which event, interest will continue to accrue at the Rate of Interest in the manner provided in this Condition 3 (*Interest*) to (but excluding) the Relevant Date (as defined in Condition 6 (*Taxation*)).

[In the case of Zero Coupon Covered Bonds insert the following or other applicable provisions:

3.11 *No Periodic Payments of Interest*

There will not be any periodic payments of interest on this N Covered Bond.

3.12 *Accrual of Interest*

If the Issuer should fail to redeem this N Covered Bond when due, the amount due and repayable in respect of this N Covered Bond (or, as the case may be, the outstanding amount of this N Covered Bond) shall be the amount calculated as provided in the definition of "Amortised Face Amount" (as set out in Condition 4.[10][●] *Early Redemption Amounts*) as though the references therein to the date fixed for the redemption or the date upon which this N Covered Bond becomes due and payable were replaced by references to the date which is the date on which all amounts due in respect of this N Covered Bond have been paid.

4. **Redemption**

4.1 *Final Redemption*

Unless previously redeemed in full, or purchased in accordance with Condition 4.[8] (*Purchase of N Covered Bond*) and cancelled, this N Covered Bond will be redeemed by the Issuer at [*insert Final Redemption Amount*] (the **Final Redemption Amount**) in the Specified Currency on [*insert Final Maturity Date*] (the **Final Maturity Date**).

4.2 *Redemption for Taxation Reasons*

This N Covered Bond may be redeemed at the option of the Issuer in whole, but not in part, [***for Fixed Interest N Covered Bonds insert:*** at any time] [***for Floating Rate N Covered Bonds:*** on any Interest Payment Date] on giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions, the N Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that on the occasion of the next Interest Payment Date, the Issuer is or will be required to pay additional amounts as provided in Condition 6 (*Taxation*) of these N

Covered Bond Conditions. If this N Covered Bond is redeemed pursuant to this Condition 4.2 (*Redemption for Taxation Reasons*) of these N Covered Bond Conditions it will be redeemed at its Early Redemption Amount (referred to in Condition 4.[10] (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

4.3 *Redemption in case of change in law or illegality*

An N Covered Bond may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bond Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions, each N Covered Bondholder (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 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.

If an N Covered Bond is redeemed pursuant to this Clause 4.3, it will be redeemed at its Early Redemption Amount referred to in these N Covered Bond Conditions together (if appropriate) with interest accrued to (but excluding) the date of redemption.

For purposes of this Condition 4.3:

Intercompany Loan Agreement means the term loan agreement originally dated (amended, restated, supplement and/or otherwise modified and/or replaced) between, amongst others, the Issuer, the LLP and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time).

Term Advance means the term advance made by the Issuer to the LLP from the proceeds of Covered Bonds pursuant to the Intercompany Loan Agreement.

4.4 *General*

Prior to the publication of any notice of redemption pursuant to Condition 4.2 (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Bond Trustee a certificate signed by two directors stating that the Issuer is entitled to effect such redemption in accordance with Condition 4.2 (*Redemption for Taxation Reasons*) and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the Issuer's rights under Condition 4.2 (*Redemption for Taxation Reasons*) in which event it shall be conclusive and binding on the relevant N Covered Bondholders.

[4.5 *Redemption at the option of the Issuer (Issuer Call)*

The Issuer may, having given not less than [●] nor more than [●] days' notice to the Bond Trustee, the Principal Paying Agent, the Registrar and the N Covered Bondholder in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions (which notice shall be irrevocable), redeem[, subject to, and in accordance with, *specify conditions*,] on the date specified by such notice all [but not part only]/[or part only] of this N Covered Bond on [*insert dates*] (each, an **Optional Redemption Date**) at [*specify amount per Calculation Amount*] (the **Optional Redemption Amount[s]**) together with accrued interest (if any) thereon to (but excluding) the Optional Redemption Date. The Issuer shall be bound to redeem this N Covered Bond on the date specified in the notice. In the event of a partial redemption of this N Covered Bond, such redemption must be

made in accordance with Condition [4.7] (*Partial Redemption*) of these N Covered Bond Conditions.]

[4.6][●] *Redemption at the option of the N Covered Bondholders (Investor Put)*

Upon the N Covered Bondholder giving to the Issuer, in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions, not less than [●] nor more than [●] days' written notice (which notice shall be irrevocable) (the **Put Notice**), the Issuer will, upon the expiry of such Put Notice, provided that the Cash Manager has notified the Bond Trustee in writing that there will be sufficient funds available to pay any termination payment due to the relevant Covered Bond Swap Provider(s), redeem[, subject to, and in accordance with, *specify conditions*,] such N Covered Bond [in whole (but not in part)/in the then Principal Amount Outstanding held by such N Covered Bondholder] on [insert dates] (each, an **Optional Redemption Date**) and at [*specify amount per Calculation Amount*] (the **Optional Redemption Amount[s]**) together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

The N Covered Bondholder(s) must deliver the certificate representing such N Covered Bond to the Registrar at its specified office, together with a duly signed and completed Put Notice in the form obtainable from the Registrar within the above-mentioned notice period. No N Covered Bond or certificate so deposited and option exercised may be withdrawn without the prior consent of the Issuer.]

[4.7][●] *Partial Redemption*

If this N Covered Bond is to be redeemed in part only on any date in accordance with Condition 4.5] (*Redemption at the option of the Issuer (Issuer Call)*) of these N Covered Bond Conditions, such redemption must be for an amount not less than [●] per Calculation Amount (the **Minimum Redemption Amount**) or not more than [●] per Calculation Amount (the **Maximum Redemption Amount**).

In the case of the redemption of part only of this N Covered Bond, a new N Covered Bond certificate in respect of the unredeemed balance shall be issued in accordance with Condition 1.3 of these N Covered Bond Conditions, which shall apply as in the case of a transfer of this N Covered Bond as if such new N Covered Bond were in respect of the untransferred balance and the Registrar shall update the Register accordingly.]

4.8][●] *Purchase of N Covered Bond*

- (a) The Issuer may at any time purchase this N Covered Bond in the open market or otherwise at any price.
- (b) Any subsidiaries of the Issuer or the LLP may at any time purchase this N Covered Bond in the open market or otherwise and at any price.

4.9][●] *Cancellation of N Covered Bond upon Redemption or Purchase*

If this N Covered Bond is redeemed in accordance with this Condition 4 (*Redemption*) of these N Covered Bond Conditions or purchased in accordance with Condition 4.8](a) (*Purchase of N Covered Bond*) of these N Covered Bond Conditions, it will be cancelled forthwith and may not be resold. If this N Covered Bond is purchased in accordance with Condition 4.8](b) (*Purchase of N Covered Bond*) of these N Covered Bond Conditions it may be resold.

4.10][●] *Early Redemption Amounts*

For the purposes of Condition 4.2 (*Redemption for Taxation Reasons*) of these N Covered Bond Conditions above [and Condition 4.[11] (*Late payment on Zero Coupon Covered Bonds*) of these N Covered Bond Conditions below], each N Covered Bond will be redeemed at its **Early Redemption Amount** which shall be:

[Specify Early Redemption Amount]

[In the case of a Covered Bond (other than a Zero Coupon Covered Bond but including an Instalment Covered Bond)] at its nominal amount, together with interest accrued to (but excluding) the date fixed for redemption;

[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 N Covered Bond to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such N Covered Bond becomes due and repayable.

[specify other amount]

Where such calculation is to be made for a period which is not a whole number of years, it shall be made

[In the case of a Zero Coupon N 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

[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)

[Specify other calculation basis]

[For the purposes of this Condition 4.[10] **Reference Price** means *[insert price]* and **Accrual Yield** means *[insert yield]*]

[4.[11][●]] ***[Late payment on Zero Coupon N Covered Bonds***

If the amount payable in respect of this N Covered Bond upon redemption pursuant to Condition 4.1 (*Final Redemption*) of these N Covered Bond Conditions, Condition 4.2 (*Redemption for Taxation Reasons*) of these N Covered Bond Conditions or Condition 4.5 (*Redemption at the option of the Issuer (Issuer Call)*) of these N Covered Bond Conditions above as applied to this N Covered Bond is improperly withheld or refused or default otherwise occurs with respect thereto, the amount due and repayable in respect of this N Covered Bond shall be the amount calculated as provided in Condition 4.[10] (*Early Redemption Amounts*) of these N Covered Bond Conditions above as though the references therein to the date fixed for the redemption or the date upon which this N Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of this N Covered Bond have been paid; and

- (ii) the date on which the full amount of the monies payable in respect of this Zero Coupon Covered Bond 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 N Covered Bondholders either in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions or individually.]

[4.[12][●]] *[In the case of Instalment N Covered Bonds:*

This N Covered Bond will be redeemed in the amounts of [*specify*] (each an **Instalment Amount**) on [*specify dates*] (each an **Instalment Date**).]

[4.[13][●]] *Other Redemption and Purchase Provisions*

[*Specify other relevant provisions, if applicable.*]

5. Payments

5.1 *Method of Payment*

Subject as provided below, payments will be made by credit or electronic transfer [*if the Specified Currency is euro, insert:* to a euro account (or any other account to which euro may be credited or transferred) specified by the payee][*if the Specified Currency is other than euro, insert:* to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency].

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction but without prejudice to the provisions of Condition 6 (*Taxation*) of these N Covered Bond Conditions, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof or any law implementing an intergovernmental approach thereto. References to [*Insert Specified Currency*] will include any successor currency under applicable law.

5.2 *Payments in respect of Interest and Principal*

Payment of interest and payments of principal in respect of this N Covered Bond will be made in accordance with Condition 5.1 (*Method of Payment*) by transfer to the Designated Account (as defined below) of the holder of the N Covered Bond appearing in Register at the close of business on the fifteenth 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 or its nominee are located) before the relevant due date (the **Record Date**).

For these purposes, **Designated Account** means the account maintained by the N Covered Bondholder with a Designated Bank and identified as such in the Register and **Designated Bank** means [*if the Specified Currency is euro, insert:* any bank which processes payments in euro][*if the Specified Currency is other than euro, insert:* a bank in the principal financial centre of the country of such Specified Currency].

The Registrar has appointed [●] at its specified office set out in Condition 8 (*Principal Paying Agent, Paying Agents, Registrar and Transfer Agent*) of these N Covered Bond Conditions as its nominee for the purposes of accepting presentation and surrender (or endorsement) of this N Covered Bond for the purposes of this Condition 5.2 of these N Covered Bond Conditions.

5.3 *General provisions applicable to payments*

In case of a transfer of this N Covered Bond (in whole or in part) occurring during any Interest Period, payment of interest on this N Covered Bond (or in case of a transfer in part on a pro rata basis on the resulting N Covered Bond), unless agreed separately between the relevant previous N Covered Bondholder and the new N Covered Bondholder and notified accordingly to the Registrar and the Paying Agent shall be made on the respective due date to (i) the assignee shown in the Register as the new N Covered Bondholder, for the period from and including the relevant Transfer Date to but excluding the relevant Interest Payment Date and (ii) the previous N Covered Bondholder for the period from and including the last Interest Payment Date or the Interest Commencement Date, as the case may be, to but excluding the relevant Transfer Date, and (iii) if more than one assignment of the N Covered Bond occurs during one Interest Period, to each N Covered Bondholder, with respect to the period of his holding of the N Covered Bond.

No commissions or expenses shall be charged to the N Covered Bondholder by the Registrar in respect of any payments of principal or interest in respect of this N Covered Bond.

5.4 *Interpretation of principal and interest*

Any reference in these N Covered Bond Conditions to principal in respect of this N Covered Bond shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*) of these N Covered Bond Conditions or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of this N Covered Bond;
- (c) the Optional Redemption Amount(s) (if any) of this N Covered Bond;
- (d) the Early Redemption Amount of this N Covered Bond (other than any amount representing accrued but unpaid interest amounts or other amounts specified in these N Covered Bond Conditions);
- (e) [in relation to N Covered Bonds redeemable in instalments, the Instalment Amounts;]
- (f) [in relation to Zero Coupon N Covered Bonds, the Amortised Face Amount (as defined in Condition 4.[9]) (*Early Redemption Amounts*)] of these N Covered Bond Conditions;]
- (g) any premium and any other amounts (other than interest) which may be payable under or in respect of this N Covered Bond; and
- (h) any Excess Proceeds which may be payable by the Bond Trustee under or in respect of this N Covered Bond.
- (i) **Excess Proceeds** means monies received by the Bond Trustee from the Issuer or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration, bank administrator, bank liquidator or other similar official appointed in relation to the Issuer.
- (j) Any reference in these N Covered Bond Conditions to interest in respect of the N Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (*Taxation*) of these N Covered Bond Conditions or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

5.5 *Payment Day*

If the date for payment of any amount in respect of this N Covered Bond is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition 5.5, **Payment Day** means any day which (subject to Condition 7 (*Prescription and Counterclaims*) of these N Covered Bond Conditions) 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:
 - (i) the relevant place of presentation;
 - (ii) London [and Frankfurt]; and
 - (iii) any Additional Business Centre specified in the N Covered Bond Confirmation; and
- (b) [*if the Specified Currency is euro, insert:* a day on which the TARGET2 System is open.][*if the Specified Currency is other than euro, insert:* 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 [*insert the principal financial centre of the country of the relevant Specified Currency*].]

6. Taxation

All payments of principal and interest (if any) in respect of this N Covered Bond by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, or other charges of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any authority thereof or therein having power to tax, unless such withholding or deduction of such taxes, duties or other charges is required by applicable law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the N Covered Bondholder shall equal the amount which would otherwise have been receivable in respect of this N Covered Bond in the absence of such withholding or deduction; except that no such additional amounts shall be payable by the Issuer with respect to any payment in respect of this N Covered Bond:

- (a) if it is presented for payment in the United Kingdom; or
- (b) if the N Covered Bondholder is able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence in the United Kingdom or other claim for exemption to the relevant taxing authority but fails to do so; or
- (c) if the N Covered Bondholder is liable for such taxes, duties or other charges in respect of this N Covered Bond by reason of his having some connection with the United Kingdom other than merely by reason of the holding of this N Covered Bond; or
- (d) if it is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days; or
- (e) where the N Covered Bondholder is able to avoid such withholding or deduction by presenting an appropriate certificate; or

- (f) if it is presented for payment by or on behalf of an N Covered Bondholder who would be able to avoid such withholding or deduction by presenting this N Covered Bond to another Paying Agent in a Member State of the European Union; or
- (g) if it is presented for payment by or on behalf of a holder that is a partnership or a holder that is not the sole beneficial owner of the N Covered Bond or which holds the N Covered Bond in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment.

As used herein, the **Relevant Date** means the date on which such payment in respect of this N Covered Bond first becomes due and payable, except that, if the full amount of the monies payable on such date has not been duly received by the Bond Trustee or the Principal Paying Agent on or prior to such date, the Relevant Date shall be the date on which such monies have been so received, notice to that effect having been given to the N Covered Bondholder in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions.

If any payments made by the LLP under the Covered Bond Guarantee are or become subject to any withholding or deduction on account of any taxes, duties or other charges of whatever nature imposed or levied by or on behalf of the United Kingdom 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.

7. Prescription and Counterclaims

7.1 Prescription

The obligations of the Issuer to pay principal and interest in respect of this N Covered Bond shall be discharged unless presented for payment within (i) ten years (in the case of principal) and (ii) five years (in the case of interest) in each case from the Relevant Date (as defined in Condition 6 (*Taxation*) of these N Covered Bond Conditions) therefor, subject in each case to the provisions of Condition 5 (*Payments*) of these N Covered Bond Conditions.

7.2 Counterclaims. As long as, and to the extent that, this N Covered Bond forms part of:

- [(i) the guaranteed assets (*Sicherungsvermögen*) within the meaning of § 125 of the German Act Concerning the Supervision of Insurance Companies of 01 April 2015 (as amended) (*Gesetz über die Beaufsichtigung der Versicherungsunternehmen* – the **VAG**); and/or
- (ii) assets which are subject to the investment principles set out in § 124 and/or § 215 (also in connection with § 219 or § 234, as applicable) of the VAG; and/or
- (iii) assets which are subject to the German Regulation Concerning the Investment of the Guaranteed Assets of Pension Funds, Burial Funds and Small Insurance Companies (*Verordnung über die Anlage des Sicherungsvermögens von Pensionskassen, Sterbekassen und kleinen Versicherungsunternehmen*) of 18 April 2016 (as amended),
- (iv) claims which belong to cover assets (*Deckungswerte*) of a German mortgage bank in respect of a holder that is a German mortgage bank and in accordance with § 29, second sentence of the German Pfandbrief Act (*Pfandbriefgesetz*).][*specify otherwise as required by supervisory law provisions which the N Covered Bondholder is subject to*]

the Issuer waives (also in the event of insolvency, administration (whether voluntary or involuntary) of the N Covered Bondholder or in the event that insolvency proceedings or similar proceedings are instituted against the N Covered Bondholder) any right of set-off as well as any right to exercise any pledges, rights of retention and other rights which could affect the rights under the N Covered Bond.

8. Principal Paying Agent, Paying Agents, Registrar[, Calculation Agent] and Transfer Agent

8.1 The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar (and its nominee for the purposes of Condition 5.2 of these N Covered Bond Conditions), the initial Transfer Agent, [,the initial Calculation Agent] and their initial specified offices are set out below:

[insert details]

8.2 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 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 Paying Agent [and][,] the Registrar [and the Calculation Agent] are hereby granted exemption from the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions of applicable laws of any other jurisdiction.

8.3 The Issuer is entitled, with the prior written approval of the Bond Trustee, to vary or terminate the appointment of any Paying Agent or the Registrar and/or appoint additional or other Paying Agents or the Registrar and/or approve any change in the specified office through which any Paying Agent or the Registrar acts, **provided that**:

- (a) there will at all times be a Principal Paying Agent and a Registrar; and
- (b) [the Issuer will ensure that it appoints a Paying Agent in a Member State of the European Union (other than the United Kingdom) in the event that it is required to withhold or deduct tax on payments made in the United Kingdom.][**TBC**]

Notice of any variation, termination, appointment or change will be given by the Issuer to the N Covered Bondholders as soon as reasonably practicable in accordance with Condition 9 (*Notices*) of these N Covered Bond Conditions.

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 N Covered Bonds. 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.

9. Notices

Notices to the N Covered Bondholder may be given by first class mail (or equivalent) or, if posted to an overseas address, by air mail to it at its address as recorded in the Register. Notices will be deemed to have been validly given on the fourth Business Day after the date of such mailing.[Notices to the N Covered Bondholder may also be given by email to the email address recorded in the Register.][If sent by email notices will be deemed to have been validly given [on the next Business Day following the dispatch of such email][●]].

10. Replacement of the Certificate

If the Certificate (as defined in Condition 1.2 of these N Covered Bond Conditions) is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the applicant 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. A mutilated or defaced certificate must be surrendered before a replacement certificate will be issued. In addition, the Issuer may require the N Covered Bondholder requesting delivery of a replacement certificate to pay, prior to delivery of such replacement certificate, any stamp or other tax or governmental charges required to be paid in connection with such replacement.

11. Governing Law, Place of Jurisdiction, Partial Invalidity

11.1 Governing Law

With the exception of Condition 2.2 of these N Covered Bond Conditions, which shall be governed by and construed in accordance with English law, this N Covered Bond and all rights and obligations arising under this N Covered Bond (including any non-contractual rights and obligations) shall be governed by and construed in accordance with the laws of the Federal Republic of Germany.

11.2 Place of Jurisdiction

The courts of England and Wales shall have the exclusive jurisdiction for any dispute arising out of or in connection with this N Covered Bond and the Issuer and the N Covered Bondholder waive any right to invoke, and undertake not to invoke, any claim of *forum non conveniens* and irrevocably submit to the jurisdiction of the courts of England and Wales in respect of any action or proceeding relating in any way to this N Covered Bond.

12. Language

These N Covered Bond Conditions are written in the English language and a German language translation may be provided. Only the English language version shall be binding.

SCHEDULE 2

FORM OF N COVERED BOND ASSIGNMENT AGREEMENT

THIS N COVERED BOND ASSIGNMENT AGREEMENT (the **Agreement**) is made on [*insert date*] **BETWEEN:**

- (1) [*insert name and complete address of assignor*] (the **Assignor**); and
- (2) [*insert name and complete address of assignee*] (the **Assignee**);

together the **Parties** and each a **Party**.

WHEREAS:

1. The Assignor is holder of the [*insert currency and principal amount*] [*insert series*] N Covered Bond due [*insert maturity date*] (the **N Covered Bond**) issued by TSB Bank plc (the **Issuer**).
2. Pursuant to an **N Covered Bond Confirmation** and **N Covered Bond Confirmation Terms** the N Covered Bond forms part of the Issuer's £10 billion global Covered Bond Programme (the **Programme**) under which the liabilities of the Issuer as to the payments of interest and principal are unconditionally and irrevocably guaranteed by TSB Covered Bonds LLP (the **LLP**) in favour of Citicorp Trustee Company Limited (the **Bond Trustee**) for the benefit of the bondholders under the Programme.

NOW IT IS HEREBY AGREED as follows:

2. DEFINITIONS AND INTERPRETATION

Unless specified otherwise, capitalised terms used, but not defined in this Agreement shall have the meaning given to them in the **N Covered Bond Conditions** which are attached as Schedule 1 to the N Covered Bond.

3. ASSIGNMENT

- 3.1 The Assignor hereby assigns to the Assignee its [*insert in case of a partial transfer: partial*] claims against the Issuer under the N Covered Bond together with all rights relating thereto,

in the amount of: [*insert currency and amount transferred*]

(in words: [*insert amount transferred in words*])

with effect from²³: [*insert transfer date*] (the **Transfer Date**).

- 3.2 The Assignee hereby accepts such assignment.

4. NOTIFICATION AND EFFECTIVENESS OF THE ASSIGNMENT

- (a) In accordance with condition 1.3 (*Transfer*) of the N Covered Bond Conditions, the Assignor shall immediately notify the Registrar of the assignment contemplated hereunder by sending an executed

²³ For the avoidance of doubt, the reference to the Transfer Date shall be understood in accordance with Condition 5.3 (*General provisions applicable to payments*) of the N Covered Bond Conditions.

copy of this Agreement together with the certificate evidencing the N Covered Bond to the Registrar's specified office.

- (b) The assignment shall only become effective upon registration thereof in the Register maintained by the Registrar. The Registrar will register the transfer if the requirements set out in Condition 1.3 (*Transfer*) of the N Covered Bond Conditions, have been met, in particular, **that the Assignor on behalf of the Assignee has delivered to the Registrar this duly executed Assignment Agreement and that the Assignee has agreed to be bound by the terms of the N Covered Bond Confirmation (as provided in Clause 5 (N Covered Bond Confirmation) below).**

5. N COVERED BOND CONFIRMATION

Upon the execution by the Assignee of this Agreement, the Assignee agrees in relation to the N Covered Bond assigned hereunder that it has seen, and agrees to be bound by, the confirmation entered into by the initial N Covered Bondholder (the **N Covered Bond Confirmation**) as if it were an original signatory thereto.

A copy of the N Covered Bond Confirmation and the N Covered Bond Confirmation Terms relating thereto are attached in the Schedule to this Assignment Agreement for these purposes.

6. DESIGNATED ACCOUNT OF THE ASSIGNEE

- (i) For the purposes of Condition 5 (*Payments*) of the N Covered Bond Conditions the Designated Account of the Assignee shall be the bank account held by the Assignee with [*insert bank*] which has the following references: [*insert account details*].
- (ii) All notices that are required to be given to the Assignee as a holder of N Covered Bonds shall be delivered in accordance with Condition 9 (*Notices*) of the N Covered Bond Conditions to:

Company Name: []
Address: []
Telephone: []
Fax: []
e-mail: []
Attention: []

[If the assignor is a German insurance company or any other German investor to which the provisions referred to below apply, insert:

7. CONSENT OF THE TRUSTEE FOR THE GUARANTEED ASSETS (*TREUHÄNDER FÜR DAS SICHERUNGSVERMÖGEN*)

[If the N Covered Bond does not form part of the German insurance company's / the investor's guaranteed assets, insert: The Assignor represents and warrants to the Assignee, the Issuer, the LLP and the Registrar that the N Covered Bond assigned hereunder does not form part of its guaranteed assets (*Sicherungsvermögen*) and that, as a consequence, a consent of the trustee appointed pursuant to § 128 of the German Act Concerning the Supervision of Insurance Companies (*Gesetz über die Beaufsichtigung der Versicherungsunternehmen - Versicherungsaufsichtsgesetz*) with respect to the guaranteed assets is not needed for the assignment contemplated hereunder.] **OR**

[If the N Covered Bond forms part of the German insurance company's guaranteed assets, insert: The N Covered Bond assigned hereunder forms part of the Assignor's guaranteed assets (*Sicherungsvermögen*). The trustee appointed pursuant to § 128 of the German Act Concerning the

Supervision of Insurance Companies (*Gesetz über die Beaufsichtigung der Versicherungsunternehmen - Versicherungsaufsichtsgesetz*) with respect to the guaranteed assets has given its consent to the assignment contemplated hereunder by countersigning this Agreement.]]

8. COPIES

- 8.1 This Agreement may be executed in any number of counterparts. This shall have the same effect as if all Parties had executed a single copy of this Agreement. The Registrar shall be notified by the Assignor of the assignment hereunder as further described in condition 1.3 (*Transfer*) of the N Covered Bond Conditions.
- 8.2 The Parties instruct and authorise the Registrar to forward copies of this Agreement to the Issuer, the LLP and the Bond Trustee.

9. PARTIAL INVALIDITY

If any provision of this Agreement or part thereof should be or become invalid or unenforceable, this shall not affect the validity or enforceability of the remaining provisions hereof. The invalid or unenforceable provision shall be replaced by such valid and enforceable provision which taking into consideration the purpose and intent of this Agreement has to the extent legally possible the same economic effect as the invalid or unenforceable provision. This shall apply mutatis mutandis to any gap (*Vertragslücke*) in this Agreement.

10. GOVERNING LAW, PLACE OF JURISDICTION

- 10.1 This Agreement, including any non-contractual rights and obligations arising out of or in connection with this Agreement, (other than Clause 5 (*N Covered Bond Confirmation*)) shall be governed by and construed in accordance with German law. Clause 5 (*N Covered Bond Confirmation*) of this Agreement, including any non-contractual rights and obligations arising out of or in connection with Clause 5 (*N Covered Bond Confirmation*) shall be governed by and construed in accordance with English law.
- 10.2 The courts of England and Wales shall have the exclusive jurisdiction over any dispute arising out of or in connection with this Agreement.

11. LANGUAGE

This Agreement is written in the English language and may be provided with a German language translation. Only the English language version shall be binding.

Assignor

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Assignee

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[The below is required, if the N Covered Bond has been allocated to the guaranteed assets (Sicherungsvermögen) of the Assignor:

Consent of the [deputy of the]Trustee ([Stellvertreter des] Treuhänder[s] für das Sicherungsvermögen) with respect to the assignment:

I am writing to you in my capacity as [deputy of the] trustee of the guaranteed assets of the Holder ([Stellvertreter des] Treuhänder[s] für das Sicherungsvermögen).

I hereby give my consent to the assignment described above.

Date:

signature of the [deputy of the]Trustee

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SCHEDULE

N COVERED BOND CONFIRMATION TERMS

THESE N COVERED BOND CONFIRMATION TERMS (the **Confirmation Terms**) are effective by virtue of an N Covered Bond Confirmation signed by an N Covered Bondholder.

WHEREAS:

- (A) The Issuer has established a £10 billion global covered bond programme (the **Programme**) pursuant to which the Issuer may from time to time issue Covered Bonds denominated in any currency as may be agreed by the Issuer, the relevant Dealer(s) and the Principal Paying Agent.
- (B) Citicorp Trustee Company Limited has agreed to act as the Bond Trustee for the benefit of the Covered Bondholders, the Receiptholders and the Couponholders under the Programme, upon and subject to the terms of a Trust Deed dated 24 February 2017 and made between the Issuer, the LLP and the Bond Trustee (as amended and restated or supplemented from time to time, the **Trust Deed**).
- (C) The LLP has agreed to guarantee interest and principal payments on all Covered Bonds (including, without limitation, the N Covered Bonds) issued under the Programme as more particularly set out in the Trust Deed and in the circumstances described therein.
- (D) In consideration for the Issuer lending the proceeds of the issuance of each N Covered Bond to the LLP (and subject to the relevant N Covered Bondholder signing an N Covered Bond Confirmation and delivering the same to the Issuer), the LLP has agreed to extend the terms of its Covered Bond Guarantee to each relevant N Covered Bond.
- (E) The Issuer has issued or will issue N Covered Bonds (each, an **N Covered Bond**) each of which forms or will form a separate Series of Covered Bonds under the Programme.
- (F) Each registered holder of an N Covered Bond will agree that these Confirmation Terms shall apply to the relevant N Covered Bond by execution of an N Covered Bond Confirmation. Additionally, upon an assignment of an N Covered Bond, which shall be effected by way of a duly executed and delivered N Covered Bond Assignment Agreement, the relevant assignee shall agree, in that N Covered Bond Assignment Agreement, to be bound by that N Covered Bond Confirmation and as a result these Confirmation Terms shall apply to the relevant N Covered Bond.

1. DEFINITIONS AND INTERPRETATION

1.1 For the purposes of these Confirmation Terms, the following definitions shall apply:

Extended Due for Payment Date has the meaning given to it in the relevant N Covered Bond Confirmation.

Extension Determination Date means the date falling two London Business Days after the expiry of seven days starting on (and including) the Final Maturity Date.

Final Maturity Date has the meaning given to it in the relevant N Covered Bond Conditions.

N Covered Bond has the meaning given to it in recital E above.

N Covered Bond Assignment Agreement means the N Covered Bond assignment that is substantially in the form of Schedule 2 to the N Covered Bond.

N Covered Bond Conditions means the relevant terms and conditions of the N Covered Bond annexed as Schedule 1 to the relevant N Covered Bond.

N Covered Bond Confirmation means, in relation to each N Covered Bond, the confirmation made by the relevant N Covered Bondholder the form of which is attached at Schedule 7 hereto, pursuant to which the relevant N Covered Bondholder agrees that these Confirmation Terms will apply to the relevant N Covered Bond.

N Covered Bondholder means, in relation to each N Covered Bond, the registered holder of the N Covered Bond from time to time (provided that such holder has executed and delivered to the Issuer an N Covered Bond Confirmation or, in relation to an N Covered Bond which has been assigned pursuant to an N Covered Bond Assignment Agreement, that the relevant assignee has agreed in that N Covered Bond Assignment Agreement to be bound by that N Covered Bond Confirmation and as a result the terms of these Confirmation Terms, and has delivered that duly executed N Covered Bond Assignment Agreement to the Registrar).

Programme Conditions means the terms and conditions set out in Schedule 1 of the Trust Deed as the same may from time to time be modified in accordance with the Trust Deed.

Rating Agency means any one of Moody's Investors Service Limited and Fitch Ratings Ltd. (together the **Rating Agencies**) or their successors, to the extent they provide ratings in respect of the Covered Bonds.

- 1.2 The master definitions and construction agreement made between the parties to the Transaction Documents on 24 February 2017 (as the same may be amended, varied and/or supplemented from time to time with the consent of the parties thereto) (the Master Definitions and Construction Agreement) is expressly and specifically incorporated into these Confirmation Terms and is expressly and specifically incorporated into the related N Covered Bond Confirmation and, accordingly, the expressions defined in the Master Definitions and Construction Agreement shall, except where the context otherwise requires and save where otherwise defined (i) in the N Covered Bond Conditions, or (ii) herein, have the same meanings in these Confirmation Terms, including the recitals hereto and these Confirmation Terms shall be construed in accordance with the interpretation provisions set out in Clause 2 (Interpretation and Construction) of the Master Definitions and Construction Agreement.

2. N COVERED BOND CONFIRMATION TERMS

Each N Covered Bondholder agrees with the Issuer, the LLP and the Bond Trustee with respect to the relevant N Covered Bond that it shall take the benefit of and be bound by and subject to:

- (a) (as if it was a party thereto) the Trust Deed (excluding, except as specified herein, the Programme Conditions but including, without limitation and for the avoidance of doubt, the declaration of trust pursuant to Clause 2.2 (*Covenant to repay principal and to pay interest*) thereof, the Covered Bond Guarantee granted pursuant to Clause 7 thereof, the provisions on Proceedings, Action and Indemnification pursuant to Clause 10 thereof, the provisions relating to Waiver, Authorisation and Modification pursuant to Clause 20 thereof, the provisions relating to Substitution, Consolidation, Merger, Amalgamation or Transfer pursuant to Clause 21 thereof and the provisions in relation to Meetings of Covered Bondholders pursuant to Schedule 4 thereof), and the other Transaction Documents to the extent relevant to the relevant N Covered Bond, the relevant N Covered Bond Confirmation and these Confirmation Terms;
- (b) the provisions of these Confirmation Terms; and

- (c) Condition 9 (Events of Default, Acceleration and Enforcement), Condition 14 (Meetings of Covered Bondholders, Modification and Waiver), Condition 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), Condition 16 (Limited Recourse), Condition 17 (Further Issues), Condition 18 (Ratings Confirmations) and Condition 19 (Substitution, Consolidation, Merger, Amalgamation or Transfer of the Issuer) of the Programme Conditions.

3. COVERED BOND GUARANTEE

3.1 General

Subject to and in accordance with the terms of the Trust Deed, including but not limited to Clause 7 (*Covered Bond Guarantee*) of the Trust Deed, and Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions, under the Covered Bond Guarantee the LLP shall, following service of an Issuer Acceleration Notice and Notice to Pay or, if applicable, an LLP Acceleration Notice, pay or procure to be paid the Guaranteed Amounts in respect of the relevant N Covered Bond on their Original Due for Payment Date or their Extended Due for Payment Date (if applicable).

3.2 Hard Bullet Covered Bond

An N Covered Bond to which these Confirmation Terms relate is a Hard Bullet Covered Bond if stated to be so in the relevant N Covered Bond Confirmation.

3.3 Extended Due for Payment Date

Subject to Clause 14.6 (*Applicability*), without prejudice to Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions, if the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the N Covered Bond Conditions (or after expiry of the grace period set out in Condition 9.1(a) of the Programme Conditions) 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 monies available under the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the N Covered Bond on the date falling on the earlier of (a) the date which falls two London 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 9.1(a) of the Programme Conditions) under the terms of the Covered Bond Guarantee and (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 in respect of the relevant N Covered Bond, provided that the LLP may pay any amount representing the Final Redemption Amount on the relevant Final Maturity Date and any amount representing all or part of the Final Redemption Amount due and remaining unpaid on the earlier of (a) and (b) above may also 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 each N Covered Bondholder (in accordance with the N Covered Bond Conditions), the Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent and the Registrar as soon as reasonably practicable and in any event at least one Business Day prior to the dates specified in (a) and (b) above of any inability of the LLP to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the N Covered Bond pursuant to the Covered Bond Guarantee.

In the circumstances outlined above, the LLP shall on the earlier of:

- (a) the date falling two London Business Days after the service of a 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 9.1(a) of the Programme Conditions), and
- (b) the Extension Determination Date,

under the Covered Bond Guarantee, apply the monies (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 the relevant N Covered Bond and shall pay Guaranteed Amounts constituting the Scheduled Interest in respect of the N 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 under Condition 9.2(a) of the Programme Conditions.

3.4 Excess Proceeds

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 Clause 14 (*Excess Proceeds*).

3.5 Accrual of Interest after the Final Maturity Date

Subject to Clause 14.6 (*Applicability*), on and from the relevant Final Maturity Date and ending on the relevant Extended Due for Payment Date, interest will continue to accrue on the Principal Amount Outstanding of the N Covered Bond and be payable on any unpaid amount at a Rate of Interest determined in accordance with Condition 4.2 of the Programme Conditions (in the same manner as the Rate of Interest for Floating Rate Covered Bonds) (which is incorporated into these Confirmation Terms for such purpose), provided that terms used in Condition 4.2 of the Programme Conditions shall, where applicable, be modified as set out in the relevant N Covered Bond Confirmation.

3.6 Applicability

Clauses 14.3 and 14.5 of these Confirmation Terms shall only apply to an N Covered Bond if the relevant N Covered Bond Confirmation specifies that an Extended Due for Payment Date shall apply in respect of such N Covered Bonds.

4. TAXATION

- 4.1 Any payments made by the Issuer to an N Covered Bondholder shall be made subject to the terms and conditions of the relevant N Covered Bond Conditions.
- 4.2 If any payments made by the LLP under the Covered Bond Guarantee are or become subject to any withholding or deduction for or on account of any taxes, duties or other charges of whatever nature imposed or levied by or on behalf of the United Kingdom or by any authority therein or thereof having power to tax, the LLP shall make such payments net of such withholding or deduction and the LLP will not be obliged to pay any additional amounts to any N Covered Bondholder as a consequence.

5. CONFLICTS

- 5.1 Each N Covered Bondholder agrees with the LLP, the Issuer and the Bond Trustee that in the event of any conflict between the provisions of (i) the relevant N Covered Bond Conditions, these

Confirmation Terms (including, for the avoidance of doubt, the Transaction Documents and any other documents by which the N Covered Bondholder is bound pursuant to Clause 13) and the relevant N Covered Bond Confirmation and (ii) the Trust Deed, unless stated otherwise in these Confirmation Terms the provisions of the N Covered Bond Conditions and these Confirmation Terms (including, for the avoidance of doubt, the Transaction Documents and any other documents by which the N Covered Bondholder is bound pursuant to Clause 13) and the relevant N Covered Bond Confirmation will prevail.

- 5.2 Each N Covered Bondholder agrees with the LLP, the Issuer and the Bond Trustee that in the event of any conflict between the provisions of the N Covered Bond Conditions and any provisions contained in these Confirmation Terms (including, for the avoidance of doubt, the Transaction Documents and any other documents by which the N Covered Bondholder is bound pursuant to Clause 13) and the relevant N Covered Bond Confirmation, these Confirmation Terms (including, for the avoidance of doubt, the Transaction Documents and any other documents by which the N Covered Bondholder is bound pursuant to Clause 13) and the relevant N Covered Bond Confirmation will prevail.
- 5.3 Each N Covered Bondholder agrees with the LLP, the Issuer and the Bond Trustee that in the event of any conflict between the provisions of the relevant N Covered Bond Confirmation and these Confirmation Terms (including, for the avoidance of doubt, the Transaction Documents and any other documents by which the N Covered Bondholder is bound pursuant to Clause 13), the N Covered Bond Confirmation will prevail.

6. AMENDMENTS

- 6.1 Any amendments to any relevant N Covered Bond Conditions or to any relevant N Covered Bond Confirmation (except for these Confirmation Terms, in which case Clause 17.2 will apply) will be made only with the written consent of each party to that N Covered Bond and/or that N Covered Confirmation. No waiver of the relevant N Covered Bond Conditions and/or N Covered Bond Confirmation, as the case may be, shall be effective unless it is in writing and signed by (or by some person duly authorised by) each of the parties thereto. Where an N Covered Bond has been assigned pursuant to an N Covered Bond Assignment Agreement, any such consent or waiver shall be required of the relevant assignee and not, for the avoidance of doubt, the assignor. No single or partial exercise of, or failure or delay in exercising, any right under the N Covered Bond Conditions or under the relevant N Covered Bond Confirmation shall constitute a waiver or preclude any other or further exercise of that or any other right.
- 6.2 Any amendments to these Confirmation Terms shall be made in accordance with Clause 20 (*Waiver, Authorisation and Modification*) of the Trust Deed.

7. ASSIGNMENT

Neither these Confirmation Terms nor any of the rights or obligations under these Confirmation Terms will be assignable or transferable by any party except (i) by an N Covered Bondholder together with the transfer of the N Covered Bond as further described in the relevant N Covered Bond Conditions; (ii) by the Issuer in accordance with Condition 19 of the Programme Conditions and Clause 21 of the Trust Deed; and (iii) in the case of the Bond Trustee, any successor or new Bond Trustee appointed pursuant to the terms of the Trust Deed.

8. NO ENFORCEMENT BY N COVERED BONDHOLDER

Subject to and in accordance with the Trust Deed and specifically Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions, each N Covered Bondholder agrees with the LLP, the Issuer and the Bond Trustee that only the Bond Trustee may take action to enforce

the terms of the N Covered Bond and the Trust Deed and it shall not take any steps or institute proceedings unless the Bond Trustee or the Security Trustee having become bound to so proceed fails to do so within a reasonable time and such failure is continuing in which case the relevant N Covered Bondholder shall be entitled to take such steps (in accordance with Condition 9 (*Events of Default, Acceleration and Enforcement*) of the Programme Conditions).

9. GOVERNING LAW

These Confirmation Terms and all non contractual or other obligations arising out of or in connection with them are governed by English law.

10. PLACE OF JURISDICTION

The courts of England and Wales shall have the exclusive jurisdiction for any actions or other legal proceedings arising out of or in connection with the relevant N Covered Bond Confirmation and these Confirmation Terms and the parties to the N Covered Bond Confirmation (incorporating these Confirmation Terms) agree to waive any right to invoke, and agree not to invoke, any claim of forum non conveniens and each party hereto irrevocably submits to the jurisdiction of the courts of England and Wales in respect of any action or proceeding relating in any way to the N Covered Bond Confirmation and these Confirmation Terms. Any documents relating to such dispute may be served on the relevant N Covered Bondholder by being delivered to the address stated in the relevant N Covered Bond Confirmation.

11. PARTIAL INVALIDITY

If any provision of the N Covered Bond Confirmation and/or these Confirmation Terms is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby. Invalid provisions shall be replaced by such valid provisions which taking into consideration the purpose and intent of the relevant N Covered Bond Confirmation and these Confirmation Terms have to the extent legally possible the same economic effect as the invalid provisions. This shall apply *mutatis mutandis* to any gap in the relevant N Covered Bond Confirmation and/or these Confirmation Terms.

12. THIRD PARTY BENEFICIARIES

Subject to any provision(s) of the relevant N Covered Bond Confirmation and these Confirmation Terms under which rights are granted to third parties by express reference to the Contracts (Rights of Third Parties) Act 1999, a person who is not a party to the relevant N Covered Bond Confirmation has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the N Covered Bond Confirmation (incorporating these Confirmation Terms) but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

SCHEDULE 7

N COVERED BOND CONFIRMATION

SERIES [●] N COVERED BOND DUE [●]

In consideration of the Issuer issuing the Series [●] [*insert currency and principal amount*] N Covered Bond Due [●] (the **N Covered Bond**) and the LLP extending its Covered Bond Guarantee to the N Covered Bond, we agree to be bound by all the provisions of this N Covered Bond Confirmation (including the confirmation terms which are incorporated into this N Covered Bond Confirmation (the **N Covered Bond Confirmation Terms**)).

The N Covered Bond Confirmation Terms are incorporated into this N Covered Bond Confirmation.

[TO BE INCLUDED IF THE RELEVANT N COVERED BOND HAS AN EXTENDED DUE FOR PAYMENT DATE][EXTENSION PERIOD

An extension period applies in relation to the N Covered Bond. Clauses 14.3 (*Extended Due for Payment Date*) and 14.5 (*Accrual of Interest after the Final Maturity Date*) of the N Covered Bond Confirmation Terms are applicable to the N Covered Bond.

Terms used in Condition 4.2 of the Programme Conditions (as incorporated into the N Covered Bond Confirmation Terms) shall be modified as set out in Attachment hereto.]

[TO BE INCLUDED IF THE N COVERED BOND IS A HARD BULLET COVERED BOND] [HARD BULLET

The N Covered Bond is a Hard Bullet Covered Bond.]

NOTICES AND ACCOUNT DETAILS

All notices that are required to be given to the N Covered Bondholder pursuant to this N Covered Bond Confirmation and the N Covered Bond Confirmation Terms shall be delivered in accordance with Condition [9] of the N Covered Bond Conditions.

Address for Notices and for inclusion in the Register by the Registrar:

Details of N Covered Bondholder

Company Name: []

Address: []

Telephone: []

Fax: []

e-mail: []

Attention: []

Account Details:

For the purposes of Condition 5 (Payments) of the N Covered Bond Conditions the Designated Account of [name of N Covered Bondholder] shall be as follows:

Name of Bank: []

Account Number: []

Account Name: []

SWIFT CODE: []

IBAN Number: []

Ref: []

MISCELLANEOUS

Terms used but not defined in this N Covered Bond Confirmation shall have the meanings given to them in (i) the N Covered Bond Conditions, (ii) the N Covered Bond Confirmation Terms and (iii) in the Master Definitions and Construction Agreement (as defined in the N Covered Bond Confirmation Terms).

This N Covered Bond Confirmation and all non contractual or other obligations arising out of or in connection with it are governed by English law. This N Covered Bond Confirmation and the N Covered Bond Confirmation Terms (incorporated herein) shall constitute an agreement between the parties hereto in accordance with English law.

The courts of England and Wales shall have the exclusive jurisdiction for any actions or other legal proceedings arising out of or in connection with this N Covered Bond Confirmation and the parties hereto agree to waive any right to invoke, and agree not to invoke, any claim of forum non conveniens and each party hereto irrevocably submits to the jurisdiction of the courts of England and Wales in respect of any action or proceeding relating in any way to this N Covered Bond Confirmation. [Any documents relating to such dispute may be served on the N Covered Bondholder by being delivered to *[insert agent for service of process]*].

This N Covered Bond Confirmation may be executed in any number of counterparts, each of which is an original and all of which together evidence the same agreement. This N Covered Bond Confirmation shall not come into effect until each party has executed at least one counterpart.

Upon the assignment by the N Covered Bondholder of its rights in relation to the relevant N Covered Bond pursuant to a duly executed and delivered N Covered Bond Assignment Agreement, the assignee will agree (in Clause 5 of that N Covered Bond Assignment Agreement) to be bound by the terms of this N Covered Bond Confirmation.

SIGNED by

[●]

by [its duly authorised attorney]

.....

SIGNED by TSB BANK PLC by its duly authorised attorney	SIGNED by TSB COVERED BONDS LLP acting by its duly authorised attorney	SIGNED by CITICORP TRUSTEE COMPANY LIMITED acting by its duly authorised attorney
.....

ATTACHMENT

PART 1

Series:	[●]
Principal Amount on Issue:	[●]
Final Maturity Date:	[●]
Interest [prior to Final Maturity Date]:	[Fixed/Floating]
Calculation of Interest:	Refer to N Covered Bond Conditions
Other Provisions:	[Clauses 14.3 and 14.5 of the N Covered Bond Confirmation Terms are applicable] [This is a Hard Bullet Covered Bond]
Extended Due for Payment Date:	[Specify/ Not Applicable]
N Covered Bond governing law:	German
N Covered Bond Confirmation Terms governing law:	English

Floating Rate Covered Bond Provisions for the period from and including the Final Maturity Date to [and including/but excluding] the Extended Due for Payment Date:

3.	Specified Period(s) / Specified Interest Payment Date(s):	[Each LLP Payment Date]
4.	Business Day Convention	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [specify other]
5.	Additional Business Centre(s):	[●]
6.	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ specify other]
7.	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[●]
8.	Screen Rate Determination	
	(a) Reference Rate	[●]

[Either EURIBOR, SONIA or other. If other, provide additional

information, including amendment to fallback provisions in the Agency Agreement]

- (b) Interest Determination Date(s) [●]

[Second day on which commercial banks are open for general business (including dealings in foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than Sterling [or euro LIBOR]), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR [or euro LIBOR]

[N.B. Specify the Interest Determination Date(s) up to and including the Extended Due for Payment Date, if applicable]

- (c) Relevant Screen Page [●]

[In the case of EURIBOR, if not Reuters page EURIBOR01 or, in the case of LIBOR, Reuters page LIBOR01, ensure it is page which shows a composite rate or amend the fallback provisions appropriately]

SIGNATORIES

**EXECUTED as a DEED by
TSB BANK PLC**
acting by its duly authorised attorney

By: _____

in the presence of:

Witness name:

Signature:

Address:

**EXECUTED as a DEED by
TSB COVERED BONDS LLP**
acting by its duly authorised attorney

By: _____

in the presence of:

Witness name:

Signature:

Address:

**EXECUTED as a DEED by
CITICORP TRUSTEE COMPANY LIMITED**
as Bond Trustee and Security Trustee
acting by a Director or Attorney:

Director / Attorney _____

in the presence of:

Witness name:

Signature:

Address: