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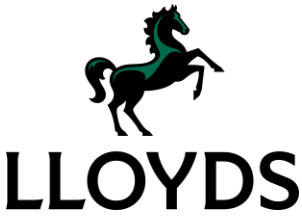

LLOYDS BANK PLC
(incorporated with limited liability in England and Wales registered number 2065)

€60 billion
Global Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments of interest and principal by
LLOYDS BANK COVERED BONDS LLP
(a limited liability partnership incorporated in England and Wales registered number OC340094)

Under this €60 billion global covered bond programme (the **Programme**), Lloyds Bank plc (formerly Lloyds TSB Bank plc) (the **Issuer**) may from time to time issue bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

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

Covered Bonds may be issued in bearer or registered form. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €60 billion (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Covered Bonds may be issued on a continuing basis to the Dealer specified under *Overview of the Programme* and any additional Dealer(s) appointed under the Programme from time to time by the Issuer (each a **Dealer**, and together, the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the **relevant Dealer** shall, in the case of an issue of Covered Bonds which are to be subscribed for by one or more Dealers, be to all Dealers agreeing to subscribe for such Covered Bonds.

This Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the **FCA**), under the Prospectus Rules: Admission to Trading on a Regulated Market Sourcebook (the PRM) made pursuant to its rule-making powers under the Public Offered and Admissions to Trading Regulations 2024 (the **POATRs**).

The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the rules in the PRM. Such approval should not be considered as an endorsement of the Issuer, the LLP or the quality of the Covered Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

Application has been made to the FCA for Covered Bonds issued under the Programme (other than PR Exempt Covered Bonds (as defined below)) to be admitted to the official list of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Covered Bonds to be admitted to trading on the main market of the London Stock Exchange which is a "UK regulated market" for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as amended and as it forms part of the UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020 as amended, varied, superseded or substituted from time to time (**EUWA**) (**UK MiFIR**) (the **main market of the London Stock Exchange**) during the period of 12 months from the date of this Prospectus.

This Prospectus is valid for 12 months from its date in relation to Covered Bonds which are to be admitted to trading on a "UK regulated market" for the purposes of **UK MiFIR**. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

The Programme provides that PR Exempt Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets (other than a stock exchange or market which is a UK regulated market for the purposes of UK MiFIR) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted PR Exempt Covered Bonds and/or PR Exempt Covered Bonds not admitted to trading on any stock exchange or market. In the case of PR Exempt Covered Bonds, the applicable Pricing Supplement (as defined below) will state whether or not the relevant Covered Bonds will be so listed and/or admitted to trading and, if so, the market on which such Covered Bonds are admitted to trading. The applicable Final Terms (as defined herein) or Pricing Supplement (as defined herein) in respect of the issue of any Covered Bonds will specify whether or not such Covered Bonds will be listed on the Official List and admitted to trading on the Market (or any other stock exchange). References in this Prospectus to **PR Exempt Covered Bonds** are to Covered Bonds for which no prospectus is required to be published pursuant to the PRM (as defined herein). Information contained in this Prospectus regarding PR Exempt Covered Bonds shall not be deemed to form part of this Prospectus and the FCA acting under Part VI of the FSMA has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of PR Exempt Covered Bonds. In the case of PR Exempt Covered Bonds, notice of the aforesaid information which is applicable to each Tranche (as defined herein) will be set out in a pricing supplement document (**Pricing Supplement**). Accordingly, in the case of PR Exempt Covered Bonds, each reference in this Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement, unless the context requires otherwise.

As at the date of this Prospectus: (i) long-term senior obligations of the Bank are rated "A+" by S&P Global Ratings UK Limited (**S&P**), "A1" by Moody's Investors Service Ltd. (**Moody's**) and " AA" by Fitch Ratings Ltd (**Fitch**) and (ii) short-term senior obligations of the Issuer are rated "A-1" by S&P, "P-1" by Moody's and "F1+" by Fitch. Each of S&P, Fitch and Moody's is established in the United Kingdom (the **UK**) and is registered under Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRA Regulation**). As such, each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. None of S&P, Moody's or Fitch is established in the European Union and they have not applied for registration under Regulation (EC) No. 1060/2009 as amended (the **EU CRA Regulation**). The ratings issued by S&P, Moody's and Fitch have been endorsed by S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited respectively in accordance with the EU CRA Regulation. Each of S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation.

References in this Prospectus to Covered Bonds being listed (and all related references) shall, unless the context otherwise requires, mean that such Covered Bonds have been admitted to trading on the main market of the London Stock Exchange and have been admitted to the Official List.

The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds and the issue price of Covered Bonds will be set out in a separate document containing the final terms for that Tranche (each, a **Final Terms**) which, with respect to Covered Bonds to be listed on the London Stock Exchange, will be delivered to the FCA and the London Stock Exchange on or before the date of issue of such Tranche of Covered Bonds.

The Issuer may issue N Covered Bonds or PR Exempt Covered Bonds from time to time, which will not be issued pursuant to this Prospectus, or pursuant to any Final Terms under this Prospectus and in respect of PR Exempt Covered Bonds, they will be issued pursuant to a Pricing Supplement.

The FCA has neither approved nor reviewed information contained in this Prospectus in connection with any N Covered Bonds.

On 4 January 2010, the Issuer was admitted to the register of issuers and the Programme (and the Covered Bonds issued previously under the Programme) was admitted to the register of regulated covered bonds pursuant to Regulation 14 of the Regulated Covered Bonds Regulations (SI 2008/346) as amended by the Regulated Covered Bonds (Amendment) Regulations 2008 (SI 2008/1714), the Regulated Covered Bonds (Amendment) Regulations 2011 (SI 2011/2859) and the Regulated Covered Bonds (Amendment) Regulations 2012 (SI 2012/2977) (the **RCB Regulations**).

Prospective investors should have regard to the factors described under the section headed *Risk Factors* in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Covered Bonds.

Prospective investors in Covered Bonds should ensure that they understand the nature of the relevant Covered Bonds and the extent of their exposure to risks and that they consider the suitability of the relevant Covered Bonds as an investment in the light of their own circumstances and financial condition.

CERTAIN ISSUES OF COVERED BONDS INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT. It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Covered Bonds and are not relying on the advice of the Issuer, the Security Trustee (as defined herein), the Australian Bond Trustee (as defined therein) or the Bond Trustee (as defined herein) or the relevant Dealer in that regard.

The Covered Bonds and the Covered Bond Guarantee (defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the applicable securities laws of any state of the United States or any jurisdiction and the Covered Bonds may not be offered or sold, directly or indirectly, in the U.S. or to, or for the benefit of, U.S. persons as defined in Regulation S under the Securities Act (**Regulation S**) unless such securities are registered under the Securities Act in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act is available and in accordance with all applicable state securities laws. See *Form of the Covered Bonds* for a description of the manner in which Covered Bonds will be issued. Registered Covered Bonds (as defined below) are subject to certain restrictions on transfer: (see *Subscription and Sale and Transfer and Selling Restrictions*).

The Issuer is not licensed in Australia to provide financial product advice (as that term is defined in Section 766B of the Corporations Act 2001 (Cth) of Australia (the **Corporations Act**)) in respect of its financial products, including the A$ Registered Covered Bonds. Cooling off rights do not apply to the acquisition of the A$ Registered Covered Bonds in Australia. The offer and sale of the A$ Registered Covered Bonds within Australia will be subject to certain restrictions set out in this Prospectus.

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

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

Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain reference rates, which may constitute a benchmark under Regulation (EU) 2016/1011, as amended and as it forms part of UK domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**). If any such reference rate does constitute such a benchmark, the applicable Final Terms or Pricing Supplement will indicate whether or not the administrator thereof is included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK Benchmarks Regulation. Not every reference rate will fall within the scope of the UK Benchmarks Regulation. Furthermore, transitional provisions in the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administers and benchmarks at the date of the applicable Final Terms or Pricing Supplement. The registration status of any administrator under the UK Benchmarks Regulation is a matter of public record and,

save where required by applicable law, the Issuer does not intend to update any Final Terms or Pricing Supplement, as applicable, to reflect any change in the registration status of the administrator.

The Covered Bonds issued under the Programme are expected on issue to be assigned an "AAA" rating by Fitch Ratings Ltd. and an "Aaa" rating by Moody's Investors Service Limited. Such ratings will be endorsed by Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Whether or not each credit rating applied for in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under EU CRA Regulation or by a credit rating agency established in the United Kingdom and registered under UK CRA Regulation will be disclosed in the Final Terms or Pricing Supplement, as applicable.

In general, European regulated investors are restricted from using a rating for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. In each case this is subject to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK of existing pre-2021 ratings, provided the relevant conditions are satisfied.

Each of Fitch and Moody's is established in the UK and is registered under the UK CRA Regulation. As such each of Fitch and Moody's is included in the list of credit rating agencies published by the FCA on its website in accordance with such UK CRA Regulation and are endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively, which are established in the European Union and registered under the EU CRA Regulation.

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

The Covered Bonds have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

Arranger for the Programme

Lloyds Bank Corporate Markets

Dealer

Lloyds Bank Corporate Markets

The date of this Prospectus is 4 August 2026

This Prospectus has been approved by the FCA as a base prospectus for the purposes of the PRM and has been published in accordance with the Prospectus Rules. This Prospectus is not a prospectus for the purposes of Regulation (EU) 2017/1129 as amended (the **Prospectus Regulation**) or of Section 12(a)(2) or any other provision or order under the Securities Act.

The Issuer and the LLP (the **Responsible Persons**) each accept responsibility for the information contained in this prospectus (the **Prospectus**) and the Final Terms or the Pricing Supplement, as applicable, of each Tranche of Covered Bonds issued under the Programme. To the best of the knowledge of each of the Responsible Persons the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import. Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in the document) and, as far as each of the Issuer and the LLP are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

On 4 January 2010, the Issuer was admitted to the register of issuers and the Programme (and the Covered Bonds issued previously under the Programme) was admitted to the register of regulated covered bonds pursuant to Regulation 14 of the RCB Regulations.

Copies of each set of Final Terms (in the case of Covered Bonds to be admitted to the Official List) or the Pricing Supplement (in the case of the PR Exempt Covered Bonds) will be available from the registered office of the Issuer and from the specified office of each of the Paying Agents (as defined below). Final Terms relating to the Covered Bonds which are admitted to trading on the main market of the London Stock Exchange will be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html or on the Issuer's website https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html. The Pricing Supplement relating to the PR Exempt Covered Bonds will be available on the Issuer's website https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html.

This Prospectus is to be read in conjunction with any supplementary prospectus hereto, all documents which are deemed to be incorporated herein by reference (see the section entitled *Documents Incorporated by Reference* below) and any Final Terms or any Pricing Supplement, as applicable. This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

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

The information contained in this Prospectus was obtained from the Issuer, the Seller, the LLP and other sources, but no assurance can be given by the relevant Dealer, the Arranger, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee or the Security Trustee as to the accuracy or completeness of this information. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the relevant Dealer, the Arranger, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee or the Security Trustee as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer, the Seller and the LLP in connection with the Programme. Neither the relevant Dealer, the Arranger, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee nor the Security Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer, the Seller and the LLP in connection with the Programme.

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

If, in respect of any offering of Covered Bonds, the offer of such Covered Bonds in a given jurisdiction is required to be made by a licensed broker or dealer and if any Dealer or any affiliate of any Dealer involved in such offering is so licensed, the offer of such Covered Bonds in such jurisdiction shall be deemed to be made by the relevant Dealer(s) or affiliate(s), as the case may be, on behalf of the Issuer.

No person is or has been authorised by the Issuer, the Seller, the LLP, the relevant Dealer, the Arranger, the Bond Trustee, the Australian Bond Trustee or the Security Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied

upon as having been authorised by the Issuer, the Seller, the LLP, the relevant Dealer, the Arranger, the Bond Trustee, the Australian Bond Trustee or the Security Trustee.

None of the Arranger, the Dealers, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee, the Security Trustee, the Agents or any of their respective affiliates accepts any responsibility for any green, social, environmental or sustainability assessment of any Covered Bonds issued as Sustainable Bonds (as defined herein) or makes any representation or warranty or gives any assurance as to the suitability of any Sustainable Bonds (as defined herein) to fulfil any green, social, environmental or sustainability criteria, or as to any requirements regarding any 'green', 'social', 'environmental', 'sustainability' or similar labels, required or expected by any prospective investors (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the **EU Taxonomy Regulation**) and any related technical screening criteria, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the **EU Green Bond Regulation**), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**) and any implementing legislation and guidelines, or any similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time. None of the Arranger or any of the Dealers, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee, the Security Trustee, the Agents or any of their respective affiliates have undertaken, nor are they responsible for, any assessment of the eligibility criteria for Eligible Projects (as defined herein), any verification of whether the Eligible Projects meet such criteria or the monitoring of the use of proceeds of any Sustainable Bonds (or amounts equal thereto). Investors should refer to any sustainability framework which the Issuer may publish from time to time, any second party opinion delivered in respect thereof, and any public reporting by or on behalf of the Issuer in respect of the application of the proceeds of any issue of Sustainable Bonds for further information. Any such sustainability framework and/or second party opinion and/or public reporting will not be incorporated by reference in this Prospectus and none of the Arranger or any of the Dealers, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee, the Security Trustee, the Agents or any of their respective affiliates makes any representation as to the suitability or contents thereof. In the event any such Covered Bonds are, or are intended to be, listed, or admitted to trading on a dedicated 'green', 'environmental', 'sustainable', 'social' or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Issuer, the Arranger, the Dealers, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee, the Security Trustee, the Agents or any of their respective affiliates or any other person that such listing or admission will be obtained or maintained for the lifetime of the Covered Bonds. Any information on, or accessible through, the Issuer's website relating to any sustainability framework which the Issuer may publish from time to time and the information in such framework(s) and any related second party opinion is not part of this Prospectus and should not be relied upon in connection with making any investment decision with respect to the Covered Bonds. In addition, no assurance or representation is given by the Issuer, the Arranger, the Dealers, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee, the Security Trustee, the Agents or any of their respective affiliates or any other person as to the suitability or reliability for any purpose whatsoever of any opinion, report, certification or assessment of any third party in connection with the offering of the Covered Bonds, nor do they accept any responsibility for any third party social, environmental or sustainability assessment of the Covered Bonds, and any such opinion, report, certification or assessment is not a recommendation by any of them to buy, sell or hold any such Covered Bonds. Additionally, no representation or assurance is given by the Arranger, the Dealers, the Asset Monitor, the Bond Trustee, the Australian Bond Trustee, the Security Trustee, the Agents or any of their respective affiliates or any other person as to the suitability or reliability of the Framework (as defined herein) or the Second Party Opinion (as defined herein) made available in connection with any offering of the Covered Bonds. Any such opinion, report or certification and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion and/or the information contained therein and/or the provider of such opinion for the purpose of any investment in the Covered Bonds.

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Issuer and the LLP is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The relevant Dealer, the Arranger, the Bond Trustee, the Australian Bond Trustee and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the Seller or the LLP during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

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

A determination will be made in relation to each issue of Covered Bonds under this Prospectus about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 as amended (the **MiFID Product Governance Rules**), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET

The Final Terms or Pricing Supplement in respect of any Covered Bonds will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **UK distributor**) should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Covered Bonds under this Prospectus about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger, the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Covered Bonds are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 as amended (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making the Covered Bonds available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making the Covered Bonds available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS: The Covered Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (**UK MiFIR**); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 (the **POATRs**). Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (**DISC**) for offering, selling or distributing the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

SINGAPORE SFA PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), unless otherwise specified before an offer of any Covered Bonds, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that all Covered Bonds issued or to be issued under the Programme shall be 'capital markets products other than 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

This Prospectus has been prepared on the basis that any offer of Covered Bonds in the UK will be made pursuant to an exemption under the FSMA from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly, any person making or intending to make an offer of Covered Bonds in the UK, which are the subject of an offering contemplated in this Prospectus as completed by a Final Terms or a Pricing Supplement, as applicable in relation to the offer of those Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer or the relevant Dealer to publish a prospectus pursuant to section 85 of the FSMA or paragraph 9 of the PRM (as applicable) or supplement a prospectus pursuant to paragraph 10 of the PRM, in each case, in relation to such offer.

Neither the Issuer nor the relevant Dealer has authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer or the relevant Dealer to publish or supplement a prospectus for such offer.

In connection with the issue of any Tranche of Covered Bonds (other than A$ Registered Covered Bonds), one or more relevant Dealer(s) acting as the stabilising manager(s) (the **Stabilising Manager(s)**) or any person acting for it or them may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail (in each case outside Australia and not on any market in Australia). However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms or Pricing Supplement, as applicable, of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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

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

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including where principal or interest in respect of the Covered Bonds is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Covered Bonds.

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

General legal investment considerations

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal and/or other advisers to determine whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing, (3) Covered Bonds can be used as repo-eligible securities, (4) other restrictions apply to its purchase or pledge of any Covered Bonds and (5) the Covered Bonds may be treated as liquid assets. Financial institutions should consult their legal and/or other advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

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

U.S. INFORMATION

The Covered Bonds have not been approved or disapproved by the United States Securities and Exchange Commission (the **SEC**) or any other securities commission or other regulatory authority in the U.S., nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to, or for the account or benefit of, or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations promulgated thereunder.

In making an investment decision, investors must rely on their own examination of the Issuer and the LLP and the terms of the Covered Bonds being offered, including the merits and risks involved.

The Prospectus may be distributed on a confidential basis in the U.S. to QIBs (as defined below) for informational use solely in connection with the consideration of the purchase of the Covered Bonds being offered hereby. Its use for any other purpose in the U.S. is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally distributed.

As set forth in the applicable Final Terms, the Covered Bonds are being offered and sold (a) in reliance on Rule 144A, in each case to "qualified institutional buyers" (as defined in Rule 144A) (**QIBs**) (such Covered Bonds, the **Rule 144A Covered Bonds**) and/or (b) in accordance with Regulation S to non-U.S. persons in offshore transactions (such Covered Bonds, the **Regulation S Covered Bonds**). Prospective purchasers are hereby notified that the sellers of the Covered Bonds may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A or Section 4(a)(2) of the Securities Act.

Registered Covered Bonds may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act (Rule 144A) or any other applicable exemption. Each U.S. purchaser of Registered Covered Bonds is hereby notified that the offer and sale of any Registered Covered Bonds to it may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Covered Bonds represented by a Rule 144A Global Covered Bond, or any Covered Bond issued in registered form in exchange or substitution therefor, will be deemed by its acceptance or purchase of any such Covered Bond to have made certain representations and agreements intended to restrict the resale or other transfer of such Covered Bonds as set out in *Subscription and Sale and Transfer and Selling Restrictions*. Unless otherwise stated, terms used in this paragraph have the meanings given to them in *Form of the Covered Bonds*.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with any resales or other transfers of Covered Bonds that are "restricted securities" within the meaning of the Securities Act, each of the Issuer and the LLP has undertaken in the Trust Deed (as defined under *Terms and Conditions of the Covered Bonds*) to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Covered Bonds remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and each of the Issuer and the LLP is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a company and the LLP is a limited liability partnership registered in England and Wales. All of the directors of the Issuer and members of the LLP Management Board reside outside the U.S. and all or a substantial portion of the assets of the Issuer and such directors, and the LLP and such members, are located outside the U.S. As a result, it may not be possible for investors to effect service of process within the U.S. upon the Issuer or the LLP, as applicable, or such directors of the Issuer or members of the LLP Management Board, or to enforce judgments against them obtained in the U.S. predicated upon civil liabilities of the Issuer or the LLP, as applicable, or such directors or members under laws other than those of England and Wales, including any judgment predicated upon U.S. federal securities laws. The Issuer and the LLP have been advised by Allen Overy Shearman Sterling LLP, their English solicitors, that there is doubt as to the enforceability in England and Wales in original actions or in actions for enforcement of judgments of U.S. courts of civil liabilities predicated solely upon the federal securities laws of the U.S.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements with respect to the business, strategy, plans and/or results of the Lloyds Bank Group and its current goals and expectations. Statements that are not historical or current facts, including statements about the Lloyds Bank Group's or its directors' and/or management's beliefs and expectations, are forward-looking statements. Words such as, without limitation, 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'deliver', 'endeavour', 'prospects', 'optimistic' and similar expressions or variations on these expressions are intended to identify forward-looking statements.

These statements concern or may affect future matters, including but not limited to: projections or expectations of the Lloyds Bank Group's future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets, expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Lloyds Bank Group's future financial performance; the level and extent of future impairments and write-downs; the Lloyds Bank Group's environmental, social and corporate governance (**ESG**) targets and/or commitments; statements of plans, objectives or goals of the Lloyds Bank Group or its management and other statements that are not historical fact and statements of assumptions underlying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

Factors that could cause actual business, strategy, targets, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward-looking statements include, but are not limited to: general economic and business conditions in the UK and internationally (including in relation to tariffs); imposed and threatened tariffs and changes to global trade policies; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the escalation of conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; changes in client and consumer behaviour and demand; exposure to counterparty risk; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Lloyds Bank Group's or the Company's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Lloyds Bank Group's securities; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; risks affecting defined benefit pension schemes; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Lloyds Bank Group; risks associated with the Lloyds Bank Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or the Lloyds Bank Group or Lloyds Banking Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks including risks as a result of the failure of third party suppliers; conduct risk; risks related to new and emerging technologies, including artificial intelligence; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions) and decarbonisation, including the Lloyds Bank Group's or the Lloyds Banking Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; and assumptions and estimates that form the basis of the Lloyds Bank Group's financial statements. A number of these influences and factors are beyond the Lloyds Bank Group's control.

The Issuer may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of the Issuer to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward-looking statements contained in this Prospectus are made as of today's date, and the Lloyds Bank Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus whether as a result of new information, future events or otherwise.

CERTAIN DEFINITIONS

In this Prospectus, references to:

(i) the **Company** or **LBG** is to Lloyds Banking Group plc;

(ii) **HBOS Group** or **HBOS** is to HBOS plc and its subsidiary and associated undertakings;

(iii) **Issuer**, **Lloyds Bank** or the **Bank** is to Lloyds Bank plc;

(iv) **LBCM** is to Lloyds Bank Corporate Markets plc;

(v) **Lloyds Bank Group, Lloyds** or the **Group** is to the Issuer and its subsidiary and associated undertakings; and

(vi) **Lloyds Banking Group** is to the Company and its subsidiary and associated undertakings (including the members of the Lloyds Bank Group).

PRESENTATION OF FINANCIAL INFORMATION

In this Prospectus, references to the **consolidated financial statements** or **financial statements** are to Lloyds Bank Group's consolidated financial statements included in the Issuer's 2025 Annual Report, unless indicated otherwise.

The consolidated financial statements of the Issuer incorporated by reference within this Prospectus have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

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PRINCIPAL CHARACTERISTICS OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Series of Covered Bonds, the applicable Final Terms or Pricing Supplement.

This Overview constitutes a general description of the Programme for the purposes of Annex 3.2R(1) of the PRM.

Words and expressions defined in "*Form of the Covered Bonds*" and "*Terms and Conditions of the Covered Bonds*" shall have the same meanings in this Overview.

Issuer:	Lloyds Bank plc was incorporated on 20 April 1865 (Registration number 2065). The Issuer's registered office is at 25 Gresham Street, London EC2V 7HN, telephone number 020 7626 1500. The Issuer is a wholly-owned subsidiary of Lloyds Banking Group plc (the **Company**).
Issuer Legal Entity Identifier (LEI):	H7FNTJ4851HG0EXQ1Z70
Guarantor:	Lloyds Bank Covered Bonds LLP
Regulated Covered Bonds:	On 4 January 2010, the Issuer was admitted to the register of issuers and the Programme (and the Covered Bonds issued previously under the Programme) was admitted to the register of regulated covered bonds pursuant to Regulation 14 of the RCB Regulations.
Nature of eligible property:	Residential mortgage loans, Substitution Assets up to the prescribed limit and Authorised Investments
Location of eligible residential property underlying Loans:	England, Wales or Scotland
Maximum Current Balance to Indexed Valuation ratio given credit under the Asset Coverage Test:	75.0 per cent.
Maximum Asset Percentage:	93.0 per cent.
Asset Coverage Test:	Yes, see further *Summary of the Principal Documents – LLP Deed – Asset Coverage Test*
Statutory minimum overcollateralisation:	The eligible property (as defined in the RCB Regulations) in the asset pool must be more than 108 per cent. of the Principal Amount Outstanding of the Covered Bonds
Statutory interest cover test:	The interest received on the eligible property must be equal to or greater than interest due on the Covered Bonds over a twelve month period
Amortisation Test:	Yes, see further *Summary of the Principal Documents – LLP Deed – Amortisation Test*
Reserve Fund:	Yes, see further Credit Structure – Reserve Fund
Extended Maturities:	Available
Hard Bullet Option:	Available
Asset Monitor:	PricewaterhouseCoopers LLP
Asset Segregation:	Yes
Namensschuldverschreibungen option:	Yes
A$ Registered Covered Bond Option:	Yes

Single / multi asset pool designation:	Single asset pool, consisting of residential mortgage loans and liquid assets
Substitution Assets:	Asset backed securities are not eligible property and cannot form part of the Asset Pool

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

Lloyds Bank plc financial statements:

(i) the Issuer's half year results for the six months ended 30 June 2026 together with the independent review report thereon, as set out on pages 15 to 46 and 48 thereof respectively and available at https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-bank-plc/2026/q2/2026-lb-hy-results.pdf (the **Issuer's H1 Results 2026**);

(ii) the "Accelerate 2030" and "Business priorities" sections as set out on pages 9 to 10 of the Company's half-year results for the six months ended 30 June 2026 available at https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-banking-group-plc/2026/q2/2026-lbg-hy-results.pdf. Lloyds Banking Group plc is neither an issuer, guarantor or obligor under this Programme;

(iii) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2025, together with the audit report thereon, as set out on pages 73 to 170 and pages 64 to 72 respectively, of the Issuer's Annual Report and Accounts 2025, available at https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-bank-plc/2025/q4/2025-lb-annual-report.pdf (the "**Issuer's 2025 Annual Report**");

(iv) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2024, together with the audit report thereon, as set out on pages 75 to 179 and pages 64 to 74, respectively, of the Issuer's Annual Report and Accounts 2024, available at https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-bank-plc/2024/q4/2024-lb-annual-report.pdf (the **Issuer's 2024 Annual Report**); and

(v) ***Issuer's 2025 Annual Report***

the following sections of the Issuer's 2025 Annual Report as set out on Form 20-F and filed with the Securities and Exchange Commission on 26 February 2026 (the "**2025 Form 20-F**") and available at https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-bank-plc/2025/q4/2025-lb-form-20f.pdf:

(i) "History and development of Lloyds Bank Group" on page 4;

(ii) the first two paragraphs from "Business overview" on page 4;

(iii) "Divisional information" on page 4;

(iv) "Competitive environment" (excluding the bullet points headed "2026 outlook") on page 5;

(v) "Regulation" on pages 9 to 11;

(vi) "Directors and senior management" pages 14 to 17;

(vii) "Major Shareholders and Related Party Transactions" on page 20;

(viii) "Legal actions and regulatory matters" on page 21; and

(ix) Material contracts" on page 22;

Other documents incorporated by reference:

(i) The Member's Report and audited Financial Statements of the LLP for the financial period ended 31 December 2025, together with the audit report thereon (the **LLP's 2025 Annual Report**) and available at https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/annual-reports/2025-lb-cb-annual-report.pdf;

(ii) The Member's Report and audited Financial Statements of the LLP for the financial period ended 31 December 2024, together with the audit report thereon (the **LLP's 2024 Annual Report**) and available at https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/annual-reports/2024-lb-cb-annual-report.pdf;

(iii) The stratification tables in the Asset Coverage and Investor Report dated May 2026 as set out on pages 3, 4 and 5 available at: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/investor-report/2026/cb-lloydsbank-may26.pdf;

(iv) The terms and conditions of the Covered Bonds set out on pages 98 to 133 (inclusive) of the Prospectus dated 11 January 2010 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-11jan2010.pdf;

(v) The terms and conditions of the Covered Bonds set out on pages 98 to 133 (inclusive) of the Prospectus dated 7 June 2010 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-7jun2010.pdf;

(vi) The terms and conditions of the Covered Bonds set out on pages 110 to 145 (inclusive) of the Prospectus dated 23 August 2010 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-23aug2010.pdf;

(vii) The terms and conditions of the Covered Bonds set out on pages 110 to 143 (inclusive) of the Prospectus dated 27 May 2011 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-27may2011.pdf;

(viii) The terms and conditions of the Covered Bonds set out on pages 118 to 153 (inclusive) of the Prospectus dated 20 April 2012 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-20apr2012.pdf;

(ix) The terms and conditions of the Covered Bonds set out on pages 95 to 130 (inclusive) of the Prospectus dated 7 June 2013 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-7jun2013.pdf;

(x) The terms and conditions of the Covered Bonds set out on pages 100 to 135 (inclusive) of the Prospectus dated 7 April 2014 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-7apr2014.pdf;

(xi) The terms and conditions of the Covered Bonds set out on pages 99 to 134 (inclusive) of the Prospectus dated 19 June 2015 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-19jun2015.pdf;

(xii) The terms and conditions of the Covered Bonds set out on pages 102 to 136 (inclusive) of the Prospectus dated 31 March 2016 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-31mar2016.pdf;

(xiii) The terms and conditions of the Covered Bonds set out on pages 104 to 139 (inclusive) of the Prospectus dated 30 March 2017 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-30mar2017.pdf;

(xiv) The terms and conditions of the Covered Bonds set out on pages 112 to 150 (inclusive) of the Prospectus dated 17 April 2018 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-17apr2018.pdf;

(xv) The terms and conditions of the Covered Bonds set out on pages 115 to 161 (inclusive) of the Prospectus dated 8 May 2019 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-prospectus-8may2019.pdf;

(xvi) The terms and conditions of the Covered Bonds set out on pages 104 to 156 (inclusive) of the Prospectus dated 18 May 2020 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/cb_lloydsbank_prospectus_18may2020.pdf,

(xvii) The terms and conditions of the Covered Bonds set out on pages 108 to 159 (inclusive) of the Prospectus dated 2 July 2021 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-cb-base-prospectus-2jul2021.pdf;

(xviii) The terms and conditions of the Covered Bonds set out on pages 106 to 158 (inclusive) of the Prospectus dated 18 August 2022 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-covered-bond-prospectus-18aug2022.pdf;

(xix) The terms and conditions of the Covered Bonds set out on pages 100 to 165 (inclusive) of the Prospectus dated 3 August 2023 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-covered-bond-prospectus-3aug2023.pdf; and

(xx) The terms and conditions of the Covered Bonds set out on pages 105 to 170 (inclusive) of the Prospectus dated 8 August 2024 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-covered-bond-prospectus-8aug2024.pdf;

(xxi) The terms and conditions of the Covered Bonds set out on pages 105 to 170 (inclusive) of the Prospectus dated 7 August 2025 and prepared by the Issuer and the Guarantor in connection with the Programme and available: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/covered-bonds/lloyds-bank-plc-global-covered-bond-programme/prospectus/lb-covered-bond-prospectus-7aug2025.pdf;

(xxii) The "Our strategy" section as set out on pages 14 to 17 of the Lloyds Banking Group plc's 2025 annual report (the **LBG 2025 Annual Report**) available at: https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-banking-group-plc/2025/q4/2025-lbg-annual-report.pdf; and

(xxiii) the "Risk factors" on pages numbered 1 to 22 (as set out on Form 6-K and filed with the SEC on 29 January 2026) (the **Form 6-K**) available at: https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-bank-plc/2025/q4/2025-lb-fy-risk-factors.pdf; and

(xxiv) The sub-section detailing the Issuer's approach to conflicts of interest on page 14 of the Issuer's 2025 Annual Report,

all of which have been previously published and filed with the FCA and which shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any documents or information themselves incorporated by reference in, or cross-referred to in, the documents incorporated by reference in this Prospectus shall not form part of this Prospectus unless also separately incorporated by reference above. In each case, where only certain sections of a document referred to above are incorporated by reference in this Prospectus, the parts of the document which are not incorporated by reference are either not relevant to prospective investors in the Covered Bonds or are covered elsewhere in this Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated in

whole or in part by reference herein. Written or oral requests for such documents should be directed to the Issuer at its principal office set out at the end of this Prospectus.

Copies of all documents incorporated by reference in this Prospectus can also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html and on the website of the Issuer at https://www.lloydsbankinggroup.com/investors/ and at https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html.

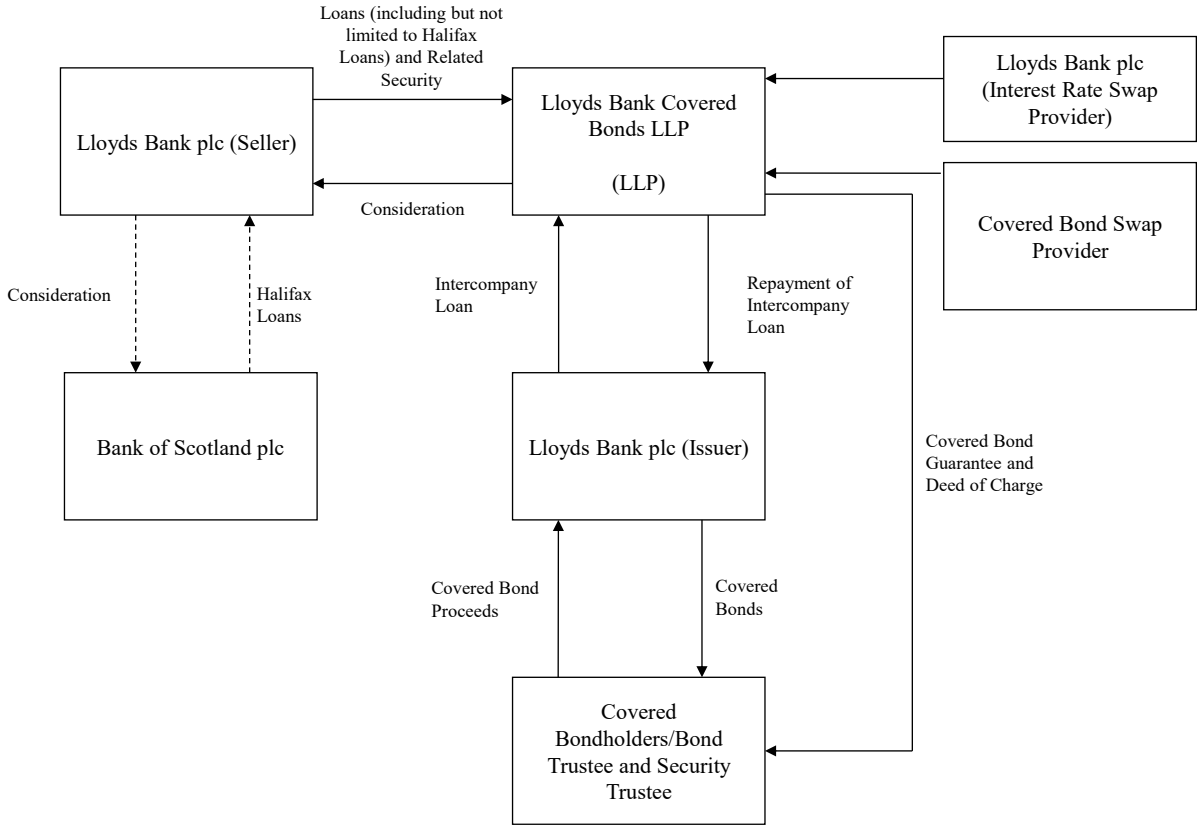
The Issuer and the LLP will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included or incorporated by reference in this Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Prospectus (a **Supplemental Prospectus**) or publish a new prospectus for use in connection with any subsequent issue of Covered Bonds. Each of the Issuer and the LLP has undertaken to the relevant Dealer in the Programme Agreement (as defined in *Subscription and Sale and Transfer and Selling Restrictions* in this Prospectus) that it will comply with paragraph 10 of the PRM.

STRUCTURE OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Covered Bonds should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this overview. A glossary of certain defined terms used in this document is contained at the end of this Prospectus.

Structure Diagram

Document Number: 5966627



Structure Overview

- *Programme:* Under the terms of the Programme, the Issuer will issue Covered Bonds to Covered Bondholders on each Issue Date. The Covered Bonds will be direct, unsecured and unconditional obligations of the Issuer.
- *Intercompany Loan Agreement:* Under the terms of the Intercompany Loan Agreement, the Issuer will make Term Advances to the LLP in an amount equal to either (i) the nominal value of each Series, or as applicable, Tranche of Covered Bonds or (ii) the Sterling Equivalent of the nominal value of each Tranche of Covered Bonds. Payments by the Issuer of amounts due under the Covered Bonds are not conditional upon receipt by the Issuer of payments from the LLP pursuant to the Intercompany Loan Agreement. Amounts owed by the LLP under the Intercompany Loan Agreement will be subordinated to amounts owed by the LLP under the Covered Bond Guarantee.
- *Covered Bond Guarantee:* Under the terms of the Trust Deed, the LLP has provided a guarantee as to payments of interest and principal under the Covered Bonds. The LLP has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the LLP under the Covered Bond Guarantee constitute direct and (following service of a Notice to Pay or an LLP Acceleration Notice) unconditional obligations of the LLP, secured as provided in the Deed of Charge. The Bond Trustee will be required to serve a Notice to Pay on the LLP following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice. An LLP Acceleration Notice may be served by the Bond Trustee on the LLP following the occurrence of an LLP Event of Default.

If an LLP Acceleration Notice is served, the Covered Bonds will (if an Issuer Acceleration Notice has not already been served) become immediately due and payable as against the Issuer and the LLP's obligations under the Covered Bond Guarantee will be accelerated. Payments made by the LLP under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments, or, as the case may be, the Post-Enforcement Priority of Payments. The recourse of the Covered Bondholders to the LLP under the Covered Bond Guarantee will be limited to the assets of the LLP from time to time.

- *The proceeds of Term Advances:* The LLP will use the proceeds of the Term Advances received under the Intercompany Loan Agreement from time to time (if not denominated in Sterling, upon exchange into Sterling under the applicable Non-Forward Starting Covered Bond Swap):

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

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

  to the extent required to meet the Asset Coverage Test and the requirements of Regulations 23 and 24(1)(a) of the RCB Regulations and such proceeds may thereafter be applied by the LLP:

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

  (b) to invest in Substitution Assets in an amount not exceeding the prescribed limit; and/or

  (c) (subject to complying with the Asset Coverage Test, as described below) to make a Capital Distribution to a Member; and/or

  (d) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds), to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced; and/or

  (e) to make a deposit of all or part of the proceeds in the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the Reserve Fund Required Amount).

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

- *Consideration:* Under the terms of the Mortgage Sale Agreement, the consideration payable to the Seller for the sale of Loans and their Related Security to the LLP on any Sale Date will be a combination of:

  (a) a cash payment made by the LLP to the Seller from the Sterling Equivalent of the proceeds of the relevant Term Advance and/or from Available Principal Receipts;

  (b) the Seller being treated as having made a Capital Contribution in Kind to the LLP (in an amount up to the difference between the aggregate Current Balance of the Loans sold by the Seller as at the relevant Sale Date and the aggregate cash payment (if any) made by the LLP); and/or

  (c) Deferred Consideration (including any Postponed Deferred Consideration) which shall be paid by the LLP on each LLP Payment Date (provided there are available funds and after the making of any provisions in accordance with normal accounting practice) in accordance with the relevant Priorities of Payments.

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

- *Cashflows:* Provided no Asset Coverage Test Breach Notice is outstanding, prior to service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the realisation of the Security and/or the commencement of winding-up proceedings against the LLP, the LLP will:

  (a) apply Available Revenue Receipts to pay any amounts due (excluding principal amounts) on the Term Advances to the Issuer, to pay certain expenses and amounts due to the Covered Bond

Swap Provider and to pay Deferred Consideration (including any Postponed Deferred Consideration) to the Seller in respect of the Loans sold by the Seller to the LLP. However, these payments will only be made after payment of certain items ranking higher in the Pre-Acceleration Revenue Priority of Payments (including, without limitation, certain expenses and amounts due to the Interest Rate Swap Provider, amounts required to be credited to the GIC Account with a corresponding credit to the Pre-Maturity Liquidity Ledger). For further details of the Pre-Acceleration Revenue Priority of Payments, see *Cashflows* below; and

(b) apply Available Principal Receipts towards making Capital Distributions to the Members but only after payment of certain items ranking higher in the Pre-Acceleration Principal Priority of Payments (including, without limitation, funding any liquidity that may be required in respect of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Liquidity Test, acquiring New Loans and their Related Security offered by the Seller to the LLP and making repayments of corresponding Term Advances). For further details of the Pre-Acceleration Principal Priority of Payments, see *Cashflows* below.

For so long as an Asset Coverage Test Breach Notice is outstanding, but prior to service of a Notice to Pay or an LLP Acceleration Notice and/or the realisation of the Security and/or the commencement of winding-up proceedings against the LLP, the LLP will continue to apply Available Revenue Receipts and Available Principal Receipts as described above, except that, whilst any Covered Bonds remain outstanding:

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

(b) in respect of Available Principal Receipts, no payments will be made to acquire New Loans and their Related Security, other than after sufficient amounts have been credited to the GIC Account to ensure that the LLP is in compliance with the Asset Coverage Test after exchange into Sterling (if required) in accordance with the relevant Covered Bond Swap (see *Cashflows* below), and have been paid to any of the Covered Bond Swap Providers to the extent due pursuant to the Covered Bond Swap Agreement.

Following service of a Notice to Pay on the Issuer and the LLP (but prior to service of an LLP Acceleration Notice and/or the realisation of the Security and/or the commencement of winding-up proceedings against the LLP) the LLP will use all moneys (other than Third Party Amounts, Tax Credits (including, for the avoidance of doubt, any amounts received by the LLP from a Member in respect of Tax Credits), Swap Collateral Excluded Amounts and Swap Provider Tax Payments) to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment subject to paying certain higher ranking obligations of the LLP in the Guarantee Priority of Payments. In such circumstances, the Seller (as a Member of the LLP) will only be entitled to receive any remaining income of the LLP after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for.

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

- *Asset Coverage Test:* The Programme provides that the assets of the LLP are subject to an Asset Coverage Test in respect of the Covered Bonds. Accordingly, for so long as Covered Bonds remain outstanding, the LLP and the Members (other than the Liquidation Member) must ensure that, on each Calculation Date (prior to service of a Notice to Pay or LLP Acceleration Notice on the LLP), the Adjusted Aggregate

Loan Amount will be in an amount equal to or in excess of the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on such Calculation Date. The Asset Coverage Test will be carried out by the Cash Manager on each Calculation Date. A breach of the Asset Coverage Test on a Calculation Date which is not remedied on the immediately succeeding Calculation Date will require the Bond Trustee to serve an Asset Coverage Test Breach Notice on the LLP. The Asset Coverage Test Breach Notice will be revoked if, on any Calculation Date falling on or prior to the third Calculation Date following service of such Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor an LLP Acceleration Notice has been served.

If an Asset Coverage Test Breach Notice has been served and remains outstanding:

(a) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments will be modified as more particularly described in *Cashflows - Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice* below;

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

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

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

- *Amortisation Test:* Following the service of a Notice to Pay (but prior to service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security) and, for so long as Covered Bonds remain outstanding, the LLP and the Members (other than the Liquidation Member) must ensure that on each following Calculation Date, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds on such Calculation Date. The Amortisation Test will be carried out by the Cash Manager on each Calculation Date following service of a Notice to Pay. A breach of the Amortisation Test will constitute an LLP Event of Default. Following the occurrence of an LLP Event of Default, the Bond Trustee may by service of an LLP Acceleration Notice accelerate the obligations of the Issuer under the Covered Bonds and require all amounts under the Covered Bond Guarantee to become immediately due and repayable. Thereafter, the Security Trustee may enforce the Security over the Charged Property.

- *Extendable obligations under the Covered Bond Guarantee:* An Extended Due for Payment Date may be specified as applicable in relation to a Series of Covered Bonds in the applicable Final Terms or Pricing Supplement. This means that if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the Final Maturity Date (subject to the applicable grace period), a Notice to Pay is served and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds are not paid in full by the Extension Determination Date (for example because, following service of a Notice to Pay, the LLP has insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds), then payment of the unpaid portion of the Final Redemption Amount pursuant to the Covered Bond Guarantee shall be automatically deferred (without an LLP Event of Default occurring as a result of such non-payment). The unpaid portion of the Final Redemption Amount shall be due and repayable one year later on the Extended Due for Payment Date (subject to the applicable grace period and provided that the LLP shall, to the extent it has the funds available to it, pay such unpaid portion of the Final Redemption Amount on any Original Due for Payment Date up until the Extended Due for Payment Date). The LLP will pay the Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and on the Extended Due for Payment Date.

- *Pre-Maturity Liquidity Test*: Hard Bullet Covered Bonds will be subject to a Pre-Maturity Liquidity Test. This provides liquidity for Hard Bullet Covered Bonds if the Issuer's credit ratings fall to or below the specified level. On each Pre-Maturity Liquidity Test Date of any Series of Hard Bullet Covered Bonds and prior to the occurrence of an Issuer Event of Default or the occurrence of an LLP Event of Default,

the LLP, or the Cash Manager on its behalf, will determine if there has been a breach of the Pre-Maturity Liquidity Test and, if so, it shall immediately notify the Members and the Security Trustee thereof. Following such breach, the LLP shall offer to sell Selected Loans subject to (a) any Cash Capital Contribution made by the Members (other than the Liquidation Member) from time to time; and (b) any right of pre-emption enjoyed by the Seller or (but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") BOS pursuant to the terms of the Mortgage Sale Agreement. An Issuer Event of Default shall occur if the Pre-Maturity Liquidity Test is breached during the Pre-Maturity Liquidity Test Breach Period and the relevant parties have not taken the required action (as described above) following the breach within the earlier to occur of (i) 10 Business Days from the date that the Seller and the LLP 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 such that by the end of such period, there shall be an amount equal to the Required Redemption Amount of that Series of Hard Bullet Covered Bonds standing to the credit of the Pre-Maturity Liquidity Ledger (after taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).

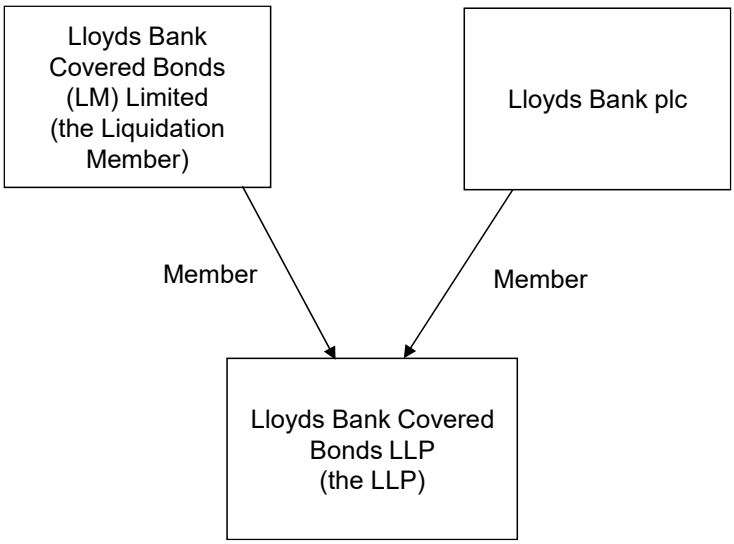
- *Servicing:* On the Programme Date, C&G was appointed by the LLP as servicer of the Loans in the Portfolio pursuant to the terms of the Servicing Agreement to administer the Loans and their Related Security in the Portfolio. On 20 April 2012, C&G novated its role as Servicer to Lloyds Bank plc pursuant to the Deed of Novation. In its capacity as Servicer, Lloyds Bank plc has agreed to provide or procure the provision of certain services in respect of the Loans and their Related Security sold by the Seller to the LLP. As at the date of this Prospectus, Lloyds Bank plc has delegated such functions to BOS (in respect of those Loans which are BOS Loans) as sub-servicer to continue to perform such duties under the Servicing Agreement.

- *Risks relating to the Group*: The Issuer and the Group may be subject to a number of risks set out below in "Risk Factors" which include risks: relating to borrower and counterparty credit quality; relating to concentrations of credit and market risk; relating to adverse regulatory developments or changes in UK Government, EU or U.S. policy, including capital adequacy requirements; associated with the Banking Act 2009 and the proposed Banking Reform Bill relating to competition and related issues; arising from general macro-economic conditions in the UK, the U.S., the Eurozone, Asia and globally, and any resulting instability financial markets or banking systems; of material negative changes to the estimated fair values of financial assets of the Group; relating to the competitive environment in which the Group operates; that the Group could fail to attract or retain senior management or other key employees; of weaknesses or failures in the Group's internal processes, systems and security as a result of internal and/or external events; relating to cybercrime; arising from terrorist acts, other acts of war, geopolitical events, pandemics, or other such events; relating to TSB servicing requirements; associated with the implementation of anti-money laundering policies (and related activities); concerning the complete or partial failure to execute ongoing strategic change initiatives; associated with industrial action and increased labour costs; concerning borrowing costs and the Group's access to liquidity and sources of funding; relating to the real or perceived shortage of capital resources; relating to the Group's insurance business and employee pension schemes; relating to the shareholding of the Solicitor for the Affairs of HM Treasury in the Company; of assumptions and estimates on which the Group's financial statements are based being wrong; associated with changes in taxation rates, accounting policy, law or interpretation of the law. Covered Bondholders should note that the risks that are stated to apply to "the Group" apply also to the Issuer. The LLP relies on a servicer to provide calculation and other servicing functions in relation to the Loans. Failure of the servicer to perform these functions could affect payment on the Covered Bonds. Further, the LLP may rely on swap providers to hedge against possible variances in the rates of interest payable on the Loans in the Portfolio and to hedge against interest rate and currency risks in respect of amounts received by the LLP on the Loans in the Portfolio and amounts payable by the LLP under the Covered Bond Guarantee. The performance of the swap providers and the LLP under their mutual swap agreements can affect both rating of and payment on the Covered Bonds.

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

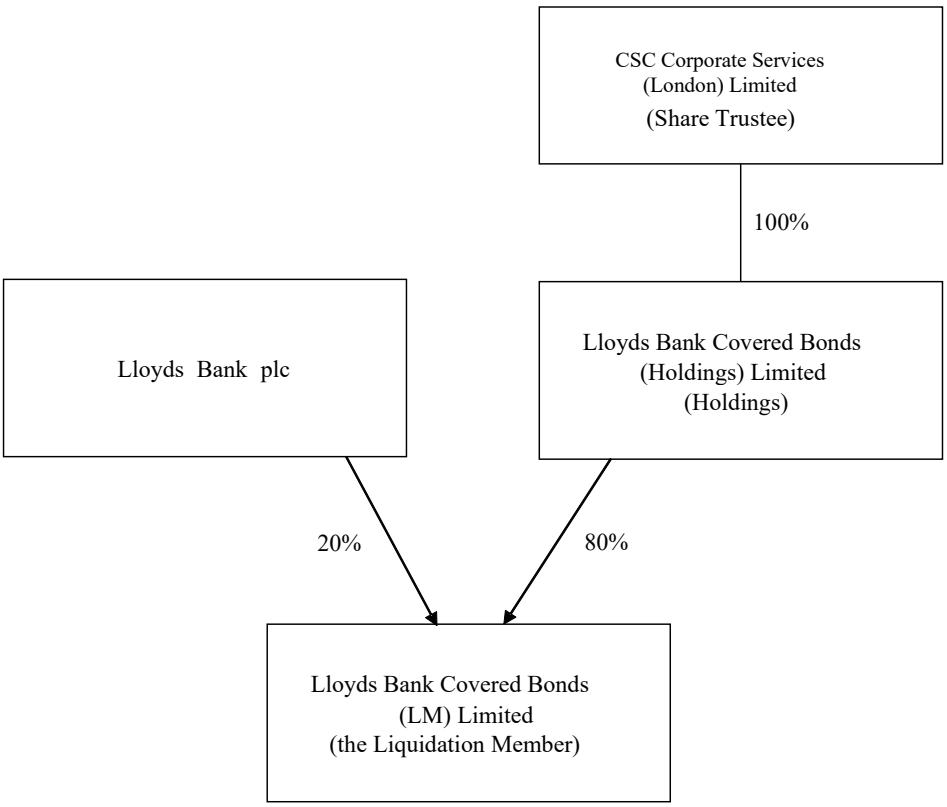
Ownership Structure of Lloyds Bank Covered Bonds LLP

- As at the Programme Date, the Members of the LLP are Lloyds Bank plc and the Liquidation Member.
- Any New Seller that wishes to sell New Seller Loans and their Related Security to the LLP (as described under *Summary of the Principal Documents – Mortgage Sale Agreement* below) will, amongst other things, be required to become a Member of the LLP and will accede to, *inter alia*, the LLP Deed.
- Other than in respect of those decisions reserved to the Members, the LLP Management Board (comprised of, as at the Programme Date, directors, officers and/or employees of Lloyds Banking Group appointed by Lloyds Bank plc) will manage and conduct the business of the LLP and will have all the rights, power and authority to act at all times for and on behalf of the LLP.
- In the event of a liquidation or administration of Lloyds Bank plc or a disposal of Lloyds Bank plc's interest in the Liquidation Member such that Lloyds Bank plc holds less than 20 per cent. of the share capital of the Liquidation Member (without the consent of the LLP and, whilst any Covered Bonds are outstanding, the Security Trustee), Lloyds Bank plc will automatically cease to be a Member of the LLP, the balance of any Capital Contributions outstanding of Lloyds Bank plc as at the date it ceases to be a Member in the LLP will be converted into a subordinated debt obligation owed by the LLP to Lloyds Bank plc under the LLP Deed and the Liquidation Member will appoint a new Member of the LLP (which is a wholly-owned subsidiary of the Liquidation Member) pursuant to the terms of the LLP Deed. See further *Summary of the Principal Documents – LLP Deed* below.



Ownership Structure of the Liquidation Member

- As at the Programme Date, the issued share capital of the Liquidation Member is held 20 per cent. by Lloyds Bank plc and 80 per cent. by Lloyds Bank Covered Bonds (Holdings) Limited (**Holdings**).
- The issued capital of Holdings is held 100 per cent. by CSC Corporate Services (London) Limited (formerly known as Intertrust Corporate Services Limited) as Share Trustee on trust for the benefit of certain discretionary objects.



OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Prospectus and any decision to invest in the Covered Bonds should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference and the applicable Final Terms or Pricing Supplement.

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

This Overview constitutes a general description of the Programme for the purposes of Annex 3.2R(1) of the PRM.

Issuer:	Lloyds Bank plc
Issuer Legal Entity Identifier (LEI):	H7FNTJ4851HG0EXQ1Z70
Website of the Issuer:	www.lloydsbankinggroup.com
Business:	Lloyds Bank plc (the **Issuer** or **Lloyds Bank**) was incorporated in England and Wales on 20 April 1865 (Registration number 2065). The Issuer's registered office is at 25 Gresham Street, London EC2V 7HN. The Issuer is a wholly owned subsidiary of Lloyds Banking Group plc (the **Company**). As at the date of this Prospectus, the Issuer is the principal operating subsidiary of Lloyds Banking Group. The Issuer and its subsidiary and associated undertakings (**Lloyds Bank Group**, **Lloyds** or the **Group**) is a leading provider of financial services to individual and business customers in the UK. As at the date of this Prospectus, its main business activities are retail and commercial banking.
LLP:	Lloyds Bank Covered Bonds LLP (formerly known as Lloyds TSB Covered Bonds LLP), a limited liability partnership incorporated in England and Wales (registered no. OC340094). The LLP is a subsidiary of Lloyds Bank plc and its Members on the Programme Date are Lloyds Bank plc and the Liquidation Member. The LLP is a special purpose vehicle whose business is to borrow Term Advances from the Issuer, to acquire, *inter alia*, Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement and to guarantee certain payments in respect of the Covered Bonds. The LLP will hold the Portfolio and the other Charged Property in accordance with the terms of the Transaction Documents. The LLP has provided a guarantee covering all Guaranteed Amounts when the same shall become Due for Payment, but only following service of a Notice to Pay or an LLP Acceleration Notice. The obligations of the LLP under the Covered Bond Guarantee and the other Transaction Documents to which it is a party are secured by the assets from time to time of the LLP and recourse against the LLP is limited to such assets. For a more detailed description of the LLP, see *The LLP* below.
LLP Legal Entity Identifier (LEI):	213800FRI978XP6HTZ13
Seller:	Lloyds Bank plc acting through its office at 25 Gresham Street, London EC2V 7HN, which is in the business of originating residential mortgage loans and other banking activities. For a more detailed description of the Seller, see *Lloyds Banking Group* below.

Servicer:	On the Programme Date, C&G was appointed as servicer and entered into the Servicing Agreement with the LLP and the Security Trustee, pursuant to which it agreed to provide or procure the provision of certain services in respect of the Loans and their Related Security sold by the Seller to the LLP. On 20 April 2012, C&G novated its role as Servicer to Lloyds Bank plc pursuant to the Deed of Novation. As at the date of this Prospectus, Lloyds Bank plc has delegated such functions to BOS (in respect of those Loans which are BOS Loans) as sub-servicer to continue to perform such duties under the Servicing Agreement.
Cash Manager:	On the Programme Date, C&G was also appointed, *inter alia*, to provide cash management services to the LLP and to monitor compliance by the LLP with the Asset Coverage Test, the Amortisation Test and the Pre-Maturity Liquidity Test pursuant to the Cash Management Agreement. On 20 April 2012, C&G novated its role as Cash Manager to Lloyds Bank plc pursuant to the Deed of Novation.
Principal Paying Agent and Agent Bank:	The Bank of New York Mellon, London Branch has been appointed pursuant to the Agency Agreement as Principal Paying Agent and Agent Bank.
Australian Paying Agent and Australian Calculation Agent:	BTA Institutional Services Australia Limited (ABN 48 002 916 396) of Level 2, 1 Bligh Street, Sydney NSW 2000, Australia has been appointed pursuant to the Supplemental Agency Agreement as Australian Paying Agent and the Australian Calculation Agent in relation to A$ Registered Covered Bonds.
Exchange Agent:	The Bank of New York Mellon, London Branch has been appointed pursuant to the Agency Agreement as exchange agent.
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch, whose registered office is at Vertigo Building-Polaris – 2-4 rue Eugène Ruppert L-2453 – Luxembourg, has been appointed pursuant to the Agency Agreement as registrar.
Australian Registrar:	BTA Institutional Services Australia Limited (ABN 48 002 916 396) of Level 2, 1 Bligh Street, Sydney NSW 2000, Australia has been appointed pursuant to the Supplemental Agency Agreement as Australian Registrar in relation to A$ Registered Covered Bonds.
Bond Trustee:	BNY Mellon Corporate Trustee Services Limited, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, has been appointed to act as bond trustee on behalf of the Covered Bondholders in respect of the Covered Bonds and holds the benefit of, *inter alia*, the Covered Bond Guarantee on behalf of the Covered Bondholders pursuant to the Trust Deed.
Australian Bond Trustee:	The Bank of New York Mellon, London Branch has been appointed to act as Australian bond trustee on behalf of the A$ Covered Bondholders in respect of the A$ Registered Covered Bonds and holds the benefit of, inter alia, the Covered Bond Guarantee on behalf of the A$ Covered Bondholders pursuant to the Trust Deed.
Security Trustee:	BNY Mellon Corporate Trustee Services Limited, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, has been appointed to act as security trustee to hold the benefit of the security granted by the LLP to the Security Trustee (for itself, the Covered Bondholders and the other Secured Creditors) under the Deed of Charge.
Asset Monitor:	PricewaterhouseCoopers LLP has been appointed pursuant to the Asset Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test and the Amortisation Test when required.

Covered Bond Swap Provider: Each swap provider which agrees to act as Covered Bond Swap Provider to the LLP to hedge certain interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans in the Portfolio and the Interest Rate Swap and:

(a) in the case of a Non-Forward Starting Covered Bond Swap, amounts due and payable by the LLP under the Intercompany Loan Agreement or, if a Notice to Pay or an LLP Acceleration Notice has been served, under the Covered Bond Guarantee; or

(b) in the case of a Forward Starting Covered Bond Swap, if a Notice to Pay or an LLP Acceleration Notice has been served, amounts due and payable by the LLP under the Covered Bond Guarantee,

in respect of the Covered Bonds by entering into Covered Bond Swaps with the LLP and the Security Trustee under the Covered Bond Swap Agreements. In the event that the ratings of a Covered Bond Swap Provider fall below a specified ratings level, the relevant Covered Bond Swap Provider may be required to post collateral for its obligations, transfer its obligations to an appropriately rated entity, obtain a guarantee of its obligations from an appropriately rated guarantor and/or put in place some other arrangements in order to maintain the then current ratings of the Covered Bonds. The Covered Bond Swap Provider shall satisfy the rating requirements set out in the relevant Covered Bond Swap Agreement, as to which see "*Summary of the Principal Documents – Covered Bond Swap Agreements*" below.

Interest Rate Swap Provider: Lloyds Bank plc whose registered office is at 25 Gresham Street, London EC2V 7HN, has agreed to act as interest rate swap provider to the LLP to hedge possible variances between the rates of interest payable on the Loans sold by the Seller to the LLP and SONIA by entering into an Interest Rate Swap with the LLP and the Security Trustee under the Interest Rate Swap Agreement. The Interest Rate Swap Provider will be required to post collateral for its obligations, transfer its obligations to an appropriately rated entity, obtain a guarantee of its obligations from an appropriately rated guarantor and/or put in place other appropriate credit support arrangements (in order to maintain the then current ratings of the Covered Bonds) in the event that its ratings fall below a specified ratings level.

GIC Provider: Lloyds Bank plc, acting through its office at 10 Gresham Street, London EC2V 7AE, has agreed to act as GIC Provider to the LLP pursuant to the Bank Account Agreement and the Guaranteed Investment Contract.

Account Bank: Lloyds Bank plc, Client Products, Account Bank team, acting through its office at 10 Gresham Street, London EC2V 7AE (with respect to the GIC Account) and through its branch at City Office Branch, P.O. Box 72, Bailey Drive, Gillingham, Kent ME8 0LS (with respect to the Transaction Account) has agreed to act as an Account Bank to the LLP pursuant to the Bank Account Agreement.

Liquidation Member: Lloyds Bank Covered Bonds (LM) Limited (formerly known as Lloyds TSB Covered Bonds (LM) Limited), a special purpose vehicle incorporated in England and Wales as a private limited company (registered no. 6696578). The Liquidation Member is 80 per cent. owned by Holdings and 20 per cent. owned by Lloyds Bank plc.

Holdings: Lloyds Bank Covered Bonds (Holdings) Limited (formerly known as Lloyds TSB Covered Bonds (Holdings) Limited), a special purpose vehicle incorporated in England and Wales as a private limited company (registered no. 6696506). All of the shares of Holdings are held by the Share Trustee on trust for the benefit of certain discretionary objects.

Share Trustee:	CSC Corporate Services (London) Limited (formerly known as Intertrust Corporate Services Limited), acting through its office at 5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU holds all of the shares of Holdings on trust for the benefit of certain discretionary objects.
Corporate Services Provider:	CSC Management Services (UK) Limited (formerly known as Intertrust Management Limited), acting through its office at 5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU has been appointed to provide certain corporate services to the Liquidation Member, Holdings and the LLP, respectively, pursuant to the Corporate Services Agreement.
Programme description:	Global Covered Bond Programme.
Arranger:	Lloyds Bank Corporate Markets plc, acting through its office at 33 Old Broad Street, London EC2N 1HZ, United Kingdom.
Relevant Dealer:	To be selected from time to time in accordance with the terms of the Programme Agreement. As at the date of this Prospectus, the Dealer is Lloyds Bank Corporate Markets plc, acting through its office at 33 Old Broad Street, London EC2N 1HZ, United Kingdom (referred to throughout this Prospectus as the **Dealer**).
Certain restrictions:	Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See *Subscription and Sale and Transfer and Selling Restrictions* below.
Programme size:	Up to €60 billion (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time as described herein. The Issuer and the LLP may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in *Subscription and Sale and Transfer and Selling Restrictions* below.
Specified Currency:	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer, the Principal Paying Agent and the Bond Trustee (as set out in the applicable Final Terms or Pricing Supplement).
Redenomination:	The applicable Final Terms or Pricing Supplement may provide that certain Covered Bonds may be redenominated in euro.
Maturities:	The Covered Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer and indicated in the applicable Final Terms or Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by any relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Covered Bonds may be issued at par or at a premium or at a discount to par on a fully-paid or partly-paid basis.
Form of Covered Bonds:	The Covered Bonds may be issued in bearer or registered form as described in *Form of the Covered Bonds.* Registered Covered Bonds and A$ Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and *vice versa.*

Fixed Rate Covered Bonds: Fixed Rate Covered Bonds will bear interest at a fixed rate, which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer (as set out in the applicable Final Terms or Pricing Supplement).

Floating Rate Covered Bonds: Floating Rate Covered Bonds will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating either the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (ISDA) (and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series), or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series) as specified in the applicable Final Terms (or, in the case of PR Exempt Covered Bonds, the applicable Pricing Supplement); or

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer,

as set out in the applicable Final Terms or Pricing Supplement.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each issue of Floating Rate Covered Bonds, as set out in the applicable Final Terms or Pricing Supplement.

Other provisions in relation to Floating Rate Covered Bonds: Floating Rate Covered Bonds may also have a Maximum Rate of Interest, a Minimum Rate of Interest or both (as indicated in the applicable Final Terms or Pricing Supplement). Interest on Floating Rate Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Covered Bonds: Zero Coupon Covered Bonds, bearing no interest, may be offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Final Terms or Pricing Supplement.

Instalment Covered Bonds: Covered Bonds may be issued on an instalment basis in which case such Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms or Pricing Supplement.

Hard Bullet Covered Bonds: The applicable Final Terms or Pricing Supplement may provide that certain Series of Covered Bonds may be scheduled to be redeemed in full on the Final Maturity Date therefor without any provision for an Extended Due for Payment Date under the Covered Bond Guarantee (the **Hard Bullet Covered Bonds**). In such a case, on each Pre-Maturity Liquidity Test Date prior to the occurrence of an Issuer Event of Default or the occurrence of an LLP Event of Default, the LLP or the Cash Manager on its behalf will determine if the Pre-Maturity Liquidity Test has been breached and, if so, it shall immediately notify the Members and the Security Trustee thereof.

Redemption:	The applicable Final Terms or Pricing Supplement relating to each Tranche of Covered Bonds will indicate either that such Covered Bonds cannot be redeemed prior to their stated maturity (other than for taxation reasons or if it becomes unlawful for any Term Advance to remain outstanding or following an Issuer Event of Default or an LLP Event of Default) or that such Covered Bonds will be redeemable or, following purchase of such Covered Bonds by the Issuer or any of its subsidiaries (including the LLP), any holding company of the Issuer or any subsidiary of any such holding company, cancellable at the option of the Issuer and/or the Covered Bondholders upon appropriate notice in accordance with the Terms and Conditions to the Bond Trustee, the Principal Paying Agent, the Registrar (in the case of the redemption of the Registered Covered Bonds) and the Covered Bondholders or to the Issuer (as the case may be), on one or more specified dates prior to their stated maturity and at a price or prices as may be agreed between the Issuer and the relevant Dealer.
Extendable obligations under the Covered Bond Guarantee:	The applicable Final Terms or Pricing Supplement may also provide that the LLP's obligations under the Covered Bond Guarantee to pay the Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series of Covered Bonds on their Final Maturity Date may be deferred until the Extended Due for Payment Date. In such case, such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on their Final Maturity Date (in each case subject to the applicable grace period), a Notice to Pay has been served and the Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds are not paid in full by the Extension Determination Date (for example, because the LLP has insufficient moneys to pay in full the Guaranteed Amounts equal to the Final Redemption Amount in respect of the relevant Series of Covered Bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Guarantee Priority of Payments). To the extent that the LLP has received a Notice to Pay by the time specified in Condition 6.1 (*Final redemption*) and has sufficient moneys under the Guarantee Priority of Payments to pay in part the Final Redemption Amount, partial payment of the Final Redemption Amount shall be made as described in Condition 6.1 (*Final redemption*). The LLP shall to the extent it has the funds available to it make payments in respect of the unpaid portion of the Final Redemption Amount on any Original Due for Payment Date up until the Extended Due for Payment Date. Interest will continue to accrue and be payable on the unpaid portion of the Final Redemption Amount up to the Extended Due for Payment Date in accordance with Condition 4 (*Interest and other Calculations*) and the LLP will make payments of Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date.
Denomination of Covered Bonds:	The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and set out in the applicable Final Terms or Pricing Supplement save that the minimum denomination of each Covered Bond admitted to trading on a UK exchange and/or offered to the public in the UK in circumstances which require the publication of a prospectus under the PRM will be at least €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

	Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Rule 144A Covered Bond will be at least U.S.$200,000 (and no less than the equivalent of €100,000), or its approximate equivalent in other Specified Currencies provided that it shall not be less than the equivalent of €100,000.
Taxation:	All payments by the Issuer in respect of the Covered Bonds will be made without deduction or withholding for or on account of UK or Australian taxes, save as provided in Condition 7 (*Taxation*). If any such deduction or withholding is made, the Issuer will, save as provided in Condition 7 (*Taxation*), be required to pay additional amounts in respect of the amounts so deducted or withheld. Under the Covered Bond Guarantee, the LLP will not be liable to pay amounts in respect of any such additional amounts payable by the Issuer under Condition 7 (*Taxation*).
ERISA:	Unless otherwise stated in the applicable Final Terms or Pricing Supplement, a Covered Bond (and any corresponding Currency Swap Right (or any interest therein) may be purchased by an "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**) that is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), that is subject to Section 4975 of the Code or any entity whose underlying assets include “plan assets” by reason of any such employee benefit plan’s or plan’s investment in the entity, subject to certain conditions. See *ERISA Considerations*.
Cross Default for Covered Bonds:	If an LLP Acceleration Notice is served in respect of any one Series of Covered Bonds, then the obligation of the LLP to pay Guaranteed Amounts in respect of all Series of Covered Bonds then outstanding will be accelerated.
Status of the Covered Bonds:	The Covered Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and (save for any obligations required to be preferred by law) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.
Covered Bond Guarantee:	Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be irrevocably guaranteed by the LLP. The obligations of the LLP to make payment in respect of the Guaranteed Amounts when Due for Payment are subject to the Condition that a Notice to Pay or an LLP Acceleration Notice has been served on the LLP. The obligations of the LLP under the Covered Bond Guarantee will accelerate against the LLP upon service of an LLP Acceleration Notice. The obligations of the LLP under the Covered Bond Guarantee constitute direct obligations of the LLP secured against the assets from time to time of the LLP and recourse against the LLP is limited to such assets.
Ratings:	Covered Bonds to be issued under the Programme will at the time of issue, unless otherwise specified in the applicable Final Terms or Pricing Supplement, be rated "AAA" by Fitch and "Aaa" by Moody's. The rating of certain Series of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms or Pricing Supplement. Whether or not each credit rating applied for in relation to relevant Series of Covered Bonds will be issued by a credit rating agency established in the UK and registered under UK CRA Regulation (and endorsed by a credit rating agency established in the EU and registered under the EU CRA Regulation will be disclosed in the Final Terms or

	the Pricing Supplement, as applicable. For more information see *Risk Factors—Risks relating to the Covered Bonds - Ratings of the Covered Bonds* in this Prospectus.
Listing and admission to trading:	Application has been made to admit the Covered Bonds (other than PR Exempt Covered Bonds) issued under the Programme and pursuant to the Prospectus to the Official List and to admit the Covered Bonds to trading on the main market of the London Stock Exchange. The Programme also provides that PR Exempt Covered Bonds may be unlisted and/or may be admitted to trading on another market or stock exchange (which is not a UK MiFIR regulated market), as set out in the applicable Pricing Supplement.
Clearing:	The Covered Bonds (other than A$ Registered Covered Bonds) will be eligible to clear through any of the Clearing Systems as indicated in the applicable Final Terms. It is anticipated that, Regulation S Covered Bonds and Rule 144A Covered Bonds (denominated in a currency other than U.S. Dollars) will clear through Euroclear and/or Clearstream, Luxembourg and that U.S. dollar denominated Rule 144A Covered Bonds will clear through DTC. The Issuer may apply to Austraclear Limited (ABN 94 002 060 773) (Austraclear) for approval for the A$ Registered Covered Bonds to be traded on the settlement system operated by Austraclear Ltd (Austraclear System). Such approval of the A$ Registered Covered Bonds is not a recommendation or endorsement by Austraclear of the A$ Registered Covered Bonds. Covered Bonds may be cleared through a Clearing System or, particularly in the case of Definitive Covered Bonds, may not be cleared through any Clearing System. Covered Bonds may also be cleared through a clearing system other than the Clearing Systems, as may be agreed between the Issuer, the Bond Trustee and the Principal Paying Agent in relation to each issue. The Final Terms or the Pricing Supplement, as applicable, relating to each Tranche of the Covered Bonds will state whether or not the Covered Bonds are to be cleared and, if so, in which clearing system.
The RCB Regulations:	On 4 January 2010, the Issuer was admitted to the register of issuers and the Programme (and the Covered Bonds issued previously under the Programme) was admitted to the register of regulated covered bonds pursuant to Regulation 14 of the RCB Regulations.
Governing law:	The Covered Bonds (other than the A$ Registered Covered Bonds) issued pursuant to this Prospectus will be governed by, and construed in accordance with, English law. The Australian Deed Poll and the A$ Registered Covered Bonds issued pursuant to this Prospectus are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.
Selling and Transfer Restrictions:	There are restrictions on the offer, sale and transfer of any Tranche of Covered Bonds in the U.S., the European Economic Area (including The Netherlands, the Republic of Italy, Germany and the Republic of France), the UK, Switzerland, Australia, Singapore and Japan. Other restrictions may apply in connection with the offering and sale of a particular Tranche of Covered Bonds. See *Subscription and Sale and Transfer and Selling Restrictions* and *ERISA Considerations.*
Risk factors:	There are certain risks related to any issue of Covered Bonds under the Programme, which investors should ensure they fully understand, a non-exhaustive summary of which is set out under *Risk Factors* below.

RISK FACTORS

The Issuer and the LLP believe that the following factors may affect their ability to fulfil their respective obligations under the relevant Covered Bonds issued under the Programme and the Covered Bond Guarantee respectively and confirms that the risks that are stated to apply to "the Lloyds Bank Group" below apply also to the Issuer. All of these factors are contingencies which may or may not occur. Factors which the Issuer and the LLP believe may be material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme in relation to the Lloyds Bank Group are also described below. In addition, risk factors which are specific to the Covered Bonds are also described below.

The Issuer and the LLP believe that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the inability of the Issuer or the LLP to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons and neither the Issuer nor the LLP represents that the statements described or referred to below regarding the risks of holding any Covered Bonds are exhaustive. Prospective investors should consider carefully the risks and uncertainties below, together with all information contained in this Prospectus and the other information incorporated by reference herein before making any investment decision.

In addition, each of the risks highlighted below could adversely affect the trading price of the Covered Bonds or the rights of investors under the Covered Bonds and, as a result, investors could lose some or all of their investment.

A. RISK FACTORS RELATING TO THE ISSUER AND THE GROUP

Prospective investors should consider the section entitled "*Risk factors*" at pages 1 to 22 in the Form 6-K as referred to in, and incorporated by reference into, this Prospectus.

B RISKS RELATING TO THE COVERED BONDS

1. Risks relating to the Covered Bonds

1.1 Finite resources available to the LLP to make payments due under the Covered Bond Guarantee

The LLP's ability to meet its obligations under the Covered Bond Guarantee will depend on (i) the realisable value of Selected Loans and their Related Security in the Portfolio, (ii) the amount of Revenue Receipts and Principal Receipts generated by the Portfolio and the timing thereof, (iii) amounts received from the Swap Providers, (iv) realisable value of other assets of the LLP, including Substitution Assets and Authorised Investments and (v) the receipt by it of credit balances and interest on credit balances on the GIC Account and the other LLP Accounts. The LLP will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If, following the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, the Security created by or pursuant to the Deed of Charge is enforced, the Charged Property may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders.

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

Covered Bondholders should note that the Asset Coverage Test is intended to ensure that the Adjusted Aggregate Loan Amount is equal to or greater than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding, which should reduce the risk of there being a shortfall (although there is no assurance of this – in particular, the sale of further Loans and Related Security by the Seller to the LLP may be required to avoid or remedy a breach of the Asset Coverage Test) (see *Summary of the Principal Documents – LLP Deed – Asset Coverage Test*). The Asset Coverage Test, the Amortisation Test, the Interest Rate Shortfall Test and the Yield Shortfall Test are in the aggregate intended to ensure that the Asset Pool is sufficient to pay amounts due on the Covered Bonds and senior ranking expenses which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding. However, no assurance can be given that the Asset Pool will yield sufficient amounts for such purpose.

For so long as the Covered Bonds are rated by Moody's, the LLP or the Cash Manager acting on its behalf may, from time to time, send notification to the Security Trustee of the proposed percentage (used in the computation of the Adjusted Aggregate Loan Amount and the Asset Percentage) selected by it, being the difference between 100 per cent. and the amount of credit enhancement required to ensure that the

Covered Bonds achieve an Aaa rating by Moody's using Moody's expected loss methodology. However, there is no obligation on the LLP to ensure that an Aaa rating is maintained by Moody's and the LLP is under no obligation to change the figure selected by it and notified to Moody's and the Security Trustee in line with such level of credit enhancement. If the LLP does not send further notification to Moody's and the Security Trustee, the Asset Percentage may not be reduced and may be insufficient to ensure the maintenance of an Aaa rating by Moody's and the Covered Bonds may be downgraded, without resulting in a breach of the Asset Coverage Test. An Issuer Event of Default and/or an LLP Event of Default will not occur solely as a result of a downgrade of the Covered Bonds.

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

With respect to each of the Non-Forward Starting Covered Bond Swaps, the LLP will, periodically, pay or provide for payment of an amount to each corresponding Covered Bond Swap Provider based on SONIA for the agreed period. The Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the LLP under a Non-Forward Starting Covered Bond Swap until amounts are due and payable by the LLP under the Intercompany Loan Agreement or Due for Payment under the Covered Bond Guarantee. With respect to each of the Forward Starting Covered Bond Swaps, the LLP will, periodically following service of a Notice to Pay on the LLP or service of an LLP Acceleration Notice, pay or provide for payment of an amount to each corresponding Covered Bond Swap Provider based on SONIA for the agreed period. The Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the LLP under a Forward Starting Covered Bond Swap until amounts are Due for Payment under the Covered Bond Guarantee. If a Covered Bond Swap Provider does not meet its payment obligations to the LLP under the relevant Covered Bond Swap Agreement or such Covered Bond Swap Provider does not make a termination payment that has become due from it to the LLP under the Covered Bond Swap Agreement, the LLP may have a larger shortfall in funds with which to make payments under the Intercompany Loan Agreement or under the Covered Bond Guarantee with respect to the Covered Bonds than if the Covered Bond Swap Provider's payment obligations coincided with the LLP's payment obligations under the Covered Bond Swap. Hence, the difference in timing between the obligations of the LLP and the obligations of the Covered Bond Swap Providers under the Covered Bond Swaps may affect the LLP's ability to make payments under the outstanding Term Advances and, following service of a Notice to Pay on the LLP or service of an LLP Acceleration Notice, under the Covered Bond Guarantee with respect to the Covered Bonds.

A Covered Bond Swap Provider may be required, following a downgrade of its ratings below the ratings specified in the relevant Covered Bond Swap Agreement and pursuant to the terms of the relevant Covered Bond Swap Agreement, to post collateral with the LLP if the LLP's net exposure to the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement exceeds a certain threshold level.

1.3 ***Covered Bonds where denominations involve integral multiples: definitive Covered Bonds***

In the case of Covered Bonds which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that Covered Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Covered Bondholder who, as a result of trading such amounts, holds a principal amount which (after deducting integral multiples of such minimum Specified Denomination) is less than the minimum Specified Denomination in the Covered Bondholder's account with the relevant clearing system at the relevant time, may not receive a definitive Covered Bond in respect of such holding (should definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds such that it holds an amount equal to one or more Specified Denominations.

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

1.4 ***Excess Proceeds received by the Bond Trustee and/or the Australian Bond Trustee***

Following service of an Issuer Acceleration Notice, the Bond Trustee and/or the Australian Bond Trustee (as applicable) may receive Excess Proceeds. The Excess Proceeds will be paid by the Bond Trustee and/or the Australian Bond Trustee (as applicable) on behalf of the Covered Bondholders of the relevant Series to the LLP for its own account, as soon as practicable, and will be held by the LLP in the GIC Account. The Excess Proceeds will thereafter form part of the Security and will be used by the LLP in

the same manner as all other moneys from time to time standing to the credit of the GIC Account. Any Excess Proceeds received by the Bond Trustee and/or the Australian Bond Trustee (as applicable) will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons (subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the Bond Trustee or the LLP). However, the obligations of the LLP under the Covered Bond Guarantee are (subject only to service of a Notice to Pay or an LLP Acceleration Notice) unconditional and irrevocable and the receipt by the Bond Trustee and/or the Australian Bond Trustee (as applicable) of any Excess Proceeds will not reduce or discharge any such obligations.

By subscribing for the Covered Bonds, each of the Covered Bondholders will be deemed to have irrevocably directed the Bond Trustee and /or (in case of the A$ Covered Bondholders, as applicable) the Australian the Bond Trustee to pay the Excess Proceeds to the LLP in the manner as described above.

1.5 ***Series specific risks***

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

Exchange rate risks and exchange controls. The Issuer will pay principal and interest on the Covered Bonds and the LLP will make any payments under the Covered Bond Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency (the **Investor's Currency**). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Covered Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Covered Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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

Fixed/Floating Rate Covered Bonds. Fixed/Floating Rate Covered Bonds bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in and the market value of the Covered Bonds as the change of interest basis may result in a lower interest return for Covered Bondholders. Where the Covered Bonds convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. Where the Covered Bonds convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Covered Bonds and could affect the market value of an investment in the relevant Covered Bonds.

Extendable obligations under the Covered Bond Guarantee. Following the failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their Final Maturity Date (subject to the applicable grace period) and if, following service of a Notice to Pay on the LLP (by no later than the date which falls one Business Day prior to the Extension Determination Date), payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds is not made in full by the Extension Determination Date, then the payment of such Guaranteed Amounts may be automatically deferred. This will occur (subject to no LLP Acceleration Notice having been served) only if the Final Terms or the Pricing Supplement, as applicable, for a relevant Series of Covered Bonds (the **relevant Series of Covered Bonds**) provides that such Covered Bonds are subject to an Extended Due for Payment Date.

To the extent that the LLP has received a Notice to Pay by the time specified above and has sufficient moneys available under the Guarantee Priority of Payments to pay in part the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the relevant Series of Covered Bonds, the

LLP shall make partial payment of the Final Redemption Amount in accordance with the Guarantee Priority of Payments as described in Condition 6.1 (*Final redemption*). Payment of the unpaid portion of the Final Redemption Amount shall be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date will fall one year after the Final Maturity Date. The LLP shall be entitled to make payments in respect of the Final Redemption Amount on any Original Due for Payment Date up until the Extended Due for Payment Date. Interest will continue to accrue and be payable on the unpaid portion of the Final Redemption Amount in accordance with Condition 4 (*Interest and other Calculations*) and the LLP will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date. In these circumstances, except where the LLP has failed to apply any amount in accordance with the Guarantee Priority of Payments, failure by the LLP to make payment in respect of the Final Redemption Amount on the Final Maturity Date (subject to the applicable grace period) shall not constitute an LLP Event of Default. However, failure by the LLP to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date or to pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date or the Extended Due for Payment Date (in each case subject to the applicable grace period) shall constitute an LLP Event of Default.

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

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

Covered Bonds subject to Redemption for Taxation reasons. Unless in the case of any particular Tranche or Series of Covered Bonds the applicable Final Terms or Pricing Supplement specify otherwise, in the event that the Issuer is or would be obliged to increase the amounts payable in respect of any Covered Bonds due to any withholding or deduction for or on account of any present or future taxes, duties, or other charges of whatever nature, the Issuer may redeem all outstanding Covered Bonds in accordance with the Terms and Conditions.

Eurosystem Eligibility. Any potential investor in the Covered Bonds should make their own conclusions and seek their own advice with respect to whether or not such Covered Bonds constitute Eurosystem eligible collateral, including whether and how such eligibility may be impacted by the UK withdrawal from the EU and the UK no longer being part of the EEA.

1.6 ***The yield to maturity of the Covered Bonds may be adversely affected by redemptions by the Issuer***

The yield to maturity of each class of Covered Bonds will depend mostly on: (i) the amount and timing of the repayment of principal on the Covered Bonds, and (ii) the price paid by the Covered Bondholders of each class. The yield to maturity of the Covered Bonds may be adversely affected by a higher or lower than anticipated rate of redemption on the Covered Bonds.

1.7 ***Further Issues***

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

- the Issuer will be obliged to apply the proceeds of any issue of Covered Bonds (or the Sterling Equivalent thereof) to make a Term Advance to the LLP. The LLP will use the proceeds of such Term Advance (after exchanging the same into Sterling if necessary under the applicable Non-Forward Starting Covered Bond Swap):

  (a) to acquire Loans and their Related Security from the Seller; and/or

(b) to acquire Substitution Assets up to the prescribed limit; and/or

(c) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds), to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced; and/or

(d) subject to complying with the Asset Coverage Test, to make a Capital Distribution to a Member; and/or

(e) to make a deposit of all or part of the proceeds in the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the prescribed limit);

- the Asset Coverage Test will be required to be met both before and immediately after any further issue of Covered Bonds; and
- on or prior to the date of issue of any further Covered Bonds, the Issuer will be obliged to obtain written confirmation from the Rating Agencies that such further issue would not adversely affect the then current ratings of the existing Covered Bonds.

1.8 ***Obligations under the Covered Bonds***

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

1.9 ***Covered Bonds and the Covered Bond Guarantee are obligations of the Issuer and the LLP only***

The Covered Bonds and the Covered Bond Guarantee are obligations of the Issuer and the LLP, respectively, as described above, and the Covered Bonds are not guaranteed by any other entity of the Lloyds Banking Group and accordingly the holders of Covered Bonds have recourse in respect thereof only to the Issuer and, to the extent described above, the LLP.

1.10 ***Changes or uncertainty in respect of interest rate benchmarks may affect the value or payment of interest under the Loans or the Covered Bonds***

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR and the Bank Bill Swap Rate (**BBSW**)), are the subject of ongoing national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which, cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds referencing such a benchmark.

Benchmarks Reform - Australia

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

The RBA has also recently amended its criteria for securities to be accepted as being eligible collateral for the purposes of any repurchase agreements to be entered into with the RBA. These include a requirement that floating rate bonds issued on or after 1 December 2022 referencing BBSW must contain at least one "robust" and "reasonable and fair" fallback rate for BBSW in the event that it permanently ceases to exist. The Australian Financial Markets Association (**AFMA**) published the "AFMA Fallback Language Template For Floating Rate Notes" on 1 November 2022 which was subsequently revised in June 2024 (the **AFMA Market Guidelines**) for voluntary use in contracts that reference BBSW to assist market participants to meet the requirements of the RBA's updated criteria, with a view to these becoming standardised provisions for BBSW-linked floating rate bond issuances. However, market participants are

not required to adopt the AFMA Market Guidelines approach where the underlying securities are not intended to be repo-eligible, which has resulted in inconsistent application. Further, reference to a specific risk-free rate (such as AONIA) as a fallback for the BBSW Rate (as defined in the Conditions) has not yet been settled at an industry level in Australia or adopted. There is therefore risk of inconsistency in the application of potential risk-free fallback rates across different products. However, the RBA is actively promoting a co-ordinated industry-agreed position on the relevant fallback rate to use.

The fallback provisions relating to the BBSW Rate included in Condition 4.2(c)(II) for the Covered Bonds are based on the AFMA Market Guidelines (the **BBSW Rate Fallback Provisions**).

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

If a Temporary Disruption Trigger occurs in respect of the BBSW Rate, the interest rate for any day on which that Temporary Disruption Trigger is continuing will be the interest rate determined in accordance with the Temporary Disruption Fallback which provides that, in the first instance, preference will be given to the Administrator Recommended Rate (which is a rate formally recommended for use as the replacement for the BBSW Rate by the Administrator). The second preference will be given to the Supervisor Recommended Rate (which is a rate formally recommended for use as the replacement for the BBSW Rate by the Supervisor). Finally, preference will be given to the Final Fallback Rate.

In the event that a Permanent Discontinuation Trigger occurs in respect of the BBSW Rate, the rate for any Interest Determination Date which occurs on or following the applicable Permanent Fallback Effective Date will be the Fallback Rate which is determined in accordance with the Permanent Discontinuation Fallback and which may be AONIA.

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

Benchmarks Regulation and Reform – EU/ UK

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**), applies from 1 January 2018 in general, subject to certain transitional provisions. Certain requirements of the EU Benchmark Regulation apply with respect to the provision of a wide range of benchmarks (including EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the EU Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Covered Bonds linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. It is also not possible to predict whether such reforms will lead to any such "benchmarks" (including BBSW) not being supported going forward. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Investors should be aware that the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things,

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

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark Covered Bonds.

Benchmarks and the Terms and Conditions of the Covered Bonds

Based on the foregoing, prospective investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including EURIBOR, BBSW, SARON, SONIA, SOFR and €STR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

(b) if EURIBOR or BBSW or SARON or SONIA or SOFR or €STR is discontinued or is otherwise unavailable and an amendment as described in paragraph (c) below has not been made at the relevant time, the then rate of interest on the Floating Rate Covered Bonds will be determined for a period by the fall-back provisions provided for under Condition 4.2 (*Interest on Floating Rate Covered Bonds*) of the Terms and Conditions of the Covered Bonds, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the Eurozone interbank market (in the case of EURIBOR) or, in respect of A$ Registered Covered Bonds, in the Australian interbank market (in the case of BBSW), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR, SARON, SONIA, SOFR, €STR or BBSW was available;

(c) whilst an amendment may be made under Condition 14.2(d) (*Meetings of Covered Bondholders, Modification and Waiver*) of the Terms and Conditions of the Covered Bonds to change the base rate on the Floating Rate Covered Bonds from EURIBOR or BBSW or SARON or SONIA or SOFR or €STR an alternative base rate under certain circumstances broadly related to EURIBOR or BBSW or SARON or SONIA or SOFR or €STR dysfunction or discontinuation and subject to certain conditions being satisfied including with respect to Covered Bondholder consent in part (in this regard, please also refer to the risk factor below entitled "*Covered Bondholders will be deemed to have consented to certain modifications to the Transaction Documents so long as at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds have not contacted the Bond Trustee in writing*"), there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Floating Rate Covered Bonds or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant (in this regard, please also refer to the risk factor below entitled "*Covered Bondholders will be deemed to have consented to certain modifications to the Transaction Documents so long as at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds have not contacted the Bond Trustee in writing*"); and

(d) if EURIBOR, BBSW, SARON, SONIA, SOFR, €STR or any other relevant interest rate benchmark is discontinued, and whether or not an amendment is made under Condition 14.2(d) (*Meetings of Covered Bondholders, Modification and Waiver*) to change the base rate with respect to the Floating Rate Covered Bonds as described in paragraph (c) above, there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate to allow the transactions under the Hedging Agreements to fully or effectively mitigate interest rate risk in respect of the Covered Bonds.

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

Moreover, any of the above matters (including an amendment to change the base rate as described in paragraph (c) above) or any significant change to the setting or existence of EURIBOR, SARON, SONIA, SOFR, €STR or BBSW Rate or any other relevant interest rate benchmark could affect the ability of the Issuer or the LLP to meet its obligations under the Covered Bonds and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds. Changes in the manner of administration of EURIBOR, SARON, SONIA, SOFR, €STR or BBSW or any other relevant interest rate benchmark could result in adjustment to the conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or other consequences in relation to the Covered Bonds. No assurance may be provided that relevant changes will not occur with respect to EURIBOR, SARON, SONIA, SOFR, €STR or BBSW or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Covered Bonds.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Covered Bonds in making any investment decision with respect to the Covered Bonds.

1.11 ***Ratings of the Covered*** **Bonds**

The ratings assigned to the Covered Bonds address, *inter alia*:

- the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each Interest Payment Date;
- the likelihood of timely payment of principal in relation to the Hard Bullet Covered Bonds on the Final Maturity Date; and
- the likelihood of ultimate payment of principal in relation to Covered Bonds on (a) the Final Maturity Date thereof, or (b) if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee in accordance with the applicable Final Terms or Pricing Supplement, the Extended Due for Payment Date thereof.

The expected ratings of the Covered Bonds are set out in the applicable Final Terms or Pricing Supplement for each Series of Covered Bonds. Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may reduce. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A credit rating may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds. In addition, at any time a Rating Agency may revise its relevant rating methodology with the result that, amongst other things, a rating assigned to the Covered Bonds may, in the absence of any mitigating action being taken such as the modification of the Transaction Documents, be lowered. Additionally, a reduction in the credit ratings of the Issuer or of the Company may negatively impact the ratings of the Programme and any Covered Bonds.

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

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the EU CRA Regulation (and

such endorsement action or certification, as the case may be, has not been withdrawn or suspended subject to transitional arrangements that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus is set out in *Overview of the Programme – Ratings* of this Prospectus. The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by non-UK credit rating agencies, non-UK credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of non-UK ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating of the Covered Bonds changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Covered Bonds may have a different regulatory treatment, which may impact the value of the Covered Bonds and their liquidity in the secondary market.

1.12 Rating Agency Confirmation in respect of Covered Bonds

The terms of certain of the Transaction Documents provide that, in certain circumstances, the Issuer must, and the Bond Trustee or the Security Trustee may, obtain confirmation from the Rating Agencies that any particular action proposed to be taken by the Issuer, the LLP, the Seller, the Servicer, the Cash Manager, the Interest Rate Swap Provider, any Covered Bond Swap Provider, the Bond Trustee or the Security Trustee will not adversely affect the then current ratings of the Covered Bonds (a **Rating Agency Confirmation**).

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

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

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

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

The LLP has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until (A) service of a Notice to Pay on the LLP subsequent to (i) an Asset Coverage Test Breach Notice being served and not revoked within the requisite time period and/or a breach of the Pre-Maturity Test or (ii) the occurrence of an Issuer Event of Default and service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice or (B) if earlier the occurrence of an LLP Event of Default and service by the Bond Trustee of an LLP Acceleration Notice. The occurrence of an Issuer Event of Default or an Asset Coverage Test Breach Notice being served and not revoked within the requisite time period and/or a breach of the Pre-Maturity Test does not constitute an LLP Event of Default. However, failure by the LLP to pay amounts when Due for Payment under the Covered Bond Guarantee would constitute an LLP Event of Default which would entitle the Bond Trustee to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the LLP under the Covered Bond Guarantee and the Security Trustee to enforce the Security.

1.14 ***LLP only obliged to pay Guaranteed Amounts when the same are Due for Payment***

Subsequent to a failure by the Issuer to make a payment in respect of one or more Series of Covered Bonds, the Bond Trustee may serve an Issuer Acceleration Notice, but is not obliged to, unless and until requested or directed by the holders of at least 20 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding as if they were a single Series or if so directed by an Extraordinary Resolution of all the Covered Bondholders in accordance with Condition 9.1 (*Issuer Events of Default*). Following service of an Issuer Acceleration Notice on the Issuer, a Notice to Pay will be served by the Bond Trustee on the LLP. Following service of a Notice to Pay on the LLP, under the terms of the Covered Bond Guarantee the LLP will be obliged to pay Guaranteed Amounts as and when the same are Due for Payment. In these circumstances, the LLP will not be obliged to pay any other amounts which become payable for any other reason other than in accordance with the Guarantee Priority of Payments.

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

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

1.15 ***Covered Bonds issued under the Programme***

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

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share in the Security granted by the LLP under or pursuant to the Deed of Charge. Following the

occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice, the Covered Bonds of all outstanding Series will accelerate against the Issuer but will be subject to, and have the benefit of, payments made by the LLP under the Covered Bond Guarantee (following either an event triggering Issuer Acceleration Notice or service of a Notice to Pay).

Following the occurrence of an LLP Event of Default and service by the Bond Trustee of an LLP Acceleration Notice, the Covered Bonds of all Series outstanding will accelerate against the Issuer (if not already accelerated following service of an Issuer Acceleration Notice) and the obligations of the LLP under the Covered Bond Guarantee will accelerate.

Covered Bonds may be issued by the Issuer which are unlisted Covered Bonds, Covered Bonds not admitted to trading on any regulated or unregulated market or N Covered Bonds. Holders of such unlisted Covered Bonds, Covered Bonds not admitted to trading on any regulated or unregulated market or N Covered Bonds will have the same rights as holders of Covered Bonds issued pursuant to this Prospectus, including recourse to, amongst other things, the Portfolio, the Reserve Fund and hedging arrangements and such Covered Bonds shall be counted for the purposes of (inter alia) various tests such as the Asset Coverage Test, Amortisation Test and the statutory interest cover test and minimum overcollateralization requirements under the RCB Regulations as well as voting by Covered Bondholders (including in respect of an Issuer Event of Default or LLP Event of Default). Unlisted Covered Bonds, Covered Bonds not admitted to trading on any regulated or unregulated market and N Covered Bonds will rank *pari passu* with all other Covered Bonds issued pursuant to the Programme from time to time. All Covered Bonds will have the benefit of the Covered Bond Guarantee and the Security granted by the LLP in respect of the Charged Property. These other Covered Bonds (being unlisted Covered Bonds, Covered Bonds not admitted to trading on any regulated or unregulated market or N Covered Bonds) issued by the Issuer will not be issued pursuant to this Prospectus. Holders of Covered Bonds listed pursuant to this Prospectus will rank *pari passu* with holders of such unlisted Covered Bonds, Covered Bonds not admitted to trading on any regulated or unregulated market or N Covered Bonds. Any Issuer Event of Default and/or LLP Event of Default in relation to such unlisted Covered Bonds, Covered Bonds not admitted to trading on any regulated or unregulated market or N Covered Bonds could have an adverse effect on the holders of the listed Covered Bonds which are issued pursuant to this Prospectus.

1.16 ***Covered Bonds not in physical form***

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

- result in payment delays on the Covered Bonds because distributions on the Covered Bonds will be sent by or on behalf of the Issuer to Euroclear, Clearstream, Luxembourg, DTC or the Austraclear System (as applicable) instead of directly to Covered Bondholders;
- make it difficult for Covered Bondholders to pledge the Covered Bonds as security if Covered Bonds in physical form are required or necessary for such purposes;
- hinder the ability of Covered Bondholders to resell the Covered Bonds because some investors may be unwilling to buy Covered Bonds that are not in physical form; and
- result in such Covered Bondholders not having a direct right to vote in respect of the relevant Covered Bonds. Instead, such Covered Bondholders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

1.17 ***Certain decisions of Covered Bondholders taken at Programme level***

Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice following an Issuer Event of Default, to direct the Bond Trustee to serve an LLP Acceleration Notice following an LLP Event of Default and any direction to the Bond Trustee or Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then

outstanding. No assurance can be given as to the result of any such meeting, which result could adversely affect the interests of holders of Covered Bonds.

1.18 ***Lack of liquidity in the secondary market may adversely affect the market value of the Covered Bonds***

A lack of liquidity in the secondary market may adversely affect the market value of the Covered Bonds. This may have a material adverse impact on the market value of mortgage-backed securities and could result in the secondary market for mortgage-backed securities experiencing limited liquidity and a material increase in the price of credit protection on mortgage-backed securities through credit derivatives.

Limited liquidity in the secondary market may have an adverse impact on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of certain categories of investors. A lack of liquidity in the secondary market may mean that a Covered Bond investor may not be able to sell or acquire credit protection on its Covered Bonds readily and market values of Covered Bonds are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to an investor. Accordingly, no assurance can be given as to the development or liquidity of any market for the Covered Bonds.

1.19 ***Covered Bonds issued with a specific use of proceeds, such as Sustainable Bonds, may not meet investor expectations or requirements***

The applicable Final Terms or Pricing Supplement in respect of any Tranche of Covered Bonds may provide that the Lloyds Bank Group will allocate an amount, which at the Issue Date of the relevant Bonds, is equal to the net proceeds of the issue of those Covered Bonds (**Sustainable Bonds**) to funding businesses and projects that, in the Lloyds Bank Group's sole judgement and discretion, satisfy certain eligibility requirements that are intended to promote positive social and/or environmental benefits (**Eligible Projects**). If the use of proceeds of any Covered Bonds (including Sustainable Bonds) is a factor in a prospective investor's decision to invest in such Covered Bonds, they should consider the disclosure in "Use of Proceeds" below and in the applicable Final Terms or Pricing Supplement and consult with their legal or other advisers before making an investment in such Covered Bonds and must determine for themselves the relevance of such information for the purpose of any investment in such Covered Bonds, together with any other investigation such investor deems necessary.

No assurance or representation is given by the Issuer, the Arranger or any of the Dealers, any of their respective affiliates or any other person that the use of such proceeds for any Eligible Projects will meet the requirements set out in the Framework (as defined below), whether in whole or in part, or any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own articles of association or other governing rules or investment mandates in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from any particular Sustainable Bonds (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, the EU Green Bond Regulation, SFDR, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom).

No assurance can be, or is, given by the Issuer, the Arranger, the Dealers, any of their respective affiliates or any other person that Eligible Projects will meet investor expectations or requirements regarding such 'green', 'social', 'environmental' or 'sustainable' or similar labels (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, the EU Green Bond Regulation, SFDR, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time, or that any projects or uses the subject of, or related to, any of the businesses and projects funded with the proceeds from any particular Sustainable Bonds will meet any or all investor expectations regarding such 'green', 'social', 'environmental', 'sustainable' or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects. Any Sustainable Bonds issued under the Programme will not be compliant with the EU Green Bond Regulation and are only intended to comply with the requirements and processes in the Framework. It is not clear if the establishment of the "European Green Bond" (**EuGB**) label and the optional disclosures regime for bonds issued as "environmentally sustainable" under the EU Green Bond Regulation could have an impact on investor demand for, and pricing of, green use of proceeds bonds that do not comply with the requirements of the

EuGB label or the optional disclosures regime, such as the Sustainable Bonds issued under this Programme. It could result in reduced liquidity or lower demand or could otherwise affect the market price of any Sustainable Bonds issued under this Programme that do not comply with those standards proposed under the EU Green Bond Regulation.

Each prospective investor should have regard to the relevant information contained in the Framework and this Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of any Sustainable Bonds before deciding to invest. Prospective investors having regard to the Framework should note that the Framework is not incorporated by reference in, and does not form part of, this Prospectus, and no reliance should be placed on it with respect to any investment decisions regarding any Sustainable Bonds (or other Covered Bonds) issued under the Programme. In addition, the Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Prospectus.

There can be no assurance that any such Eligible Projects will be available or capable of being implemented in, or substantially in, the manner and timeframe anticipated and, accordingly, that the Issuer will be able to use an amount equal to the net proceeds of the issue of such Sustainable Bonds for such Eligible Projects as intended. In addition, there can be no assurance that Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. The Issuer's failure to allocate the proceeds of any particular Sustainable Bonds to finance Eligible Projects or to provide annual progress reports, the failure of any Eligible Project to meet any or all investor expectations regarding such 'green', 'social', 'environmental', 'sustainable' or other equivalently-labelled performance objectives, or the failure of an independent external review provider with environmental or social expertise to issue a second party opinion on the allocation of the bond proceeds, or the withdrawal of any opinion or certification given by any independent external review provider with respect to any Sustainable Bonds, or the removal of any Sustainable Bonds from any 'green', 'social', 'environmental', 'sustainable' or similarly labelled segment of any market or stock exchange, may affect the value of any particular Sustainable Bonds and/or have adverse consequences for certain investors with portfolio mandates to invest in green, social or sustainable assets, however, it will not: (i) give rise to any claim by a Covered Bondholder against the Issuer, the Arranger, the Dealers, their respective affiliates or any other person; (ii) constitute an Event of Default (as defined in the Trust Deed) or breach of contract with respect to any particular Sustainable Bonds; (iii) give a right to Covered Bondholders (or the Bond Trustee) to require the early redemption or acceleration of the relevant Sustainable Bonds or take any enforcement action in respect of the relevant Sustainable Bonds; (iv) lead to an obligation of the Issuer to redeem such Sustainable Bonds or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Sustainable Bonds; (v) result in any increase in any amounts of interest, principal or any other amounts which may be or become payable in respect of the relevant Sustainable Bonds; or (vi) impede the ability of the Issuer to apply the proceeds of such Sustainable Bonds to cover losses in any part of the Lloyds Bank Group.

However, such event or failure may adversely affect the reputation of the Issuer and the Lloyds Bank Group and could have a material adverse effect on the value of the Sustainable Bonds and also potentially the value of any other Covered Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The net proceeds of the issue of any particular Sustainable Bonds which, from time to time, are not allocated as funding for Eligible Projects are intended by the Issuer to be held pending allocation as funding towards Eligible Projects.

None of the Issuer, the Arranger or any of the Dealers, nor any of their respective affiliates, undertakes to ensure that there are at any time sufficient Eligible Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Sustainable Bonds in full. Further, the tenor of any amounts advanced by the Lloyds Bank Group to customers for the purposes of financing or refinancing Eligible Projects may not match the maturity date of Sustainable Bonds issued to fund such advances, and the subsequent redemption of relevant loans advanced by the Lloyds Bank Group, or the project(s) or use(s) the subject of, or related to, any Eligible Projects, before the maturity date of any Sustainable Bonds issued to fund such advances shall not lead to the early redemption of such Sustainable Bonds nor create any obligation or incentive of the Issuer to redeem such Sustainable Bonds at any time or be a factor in the Issuer's determination as to whether or not to exercise any early redemption rights it may have from time to time.

None of the Arranger or any of the Dealers, nor any of their respective affiliates, is responsible for (i) any assessment of any eligibility criteria relating to Sustainable Bonds, (ii) any verification of whether the relevant advance of loans by the Lloyds Bank Group or the Eligible Projects will satisfy the relevant eligibility criteria, (iii) the monitoring of the use of proceeds (or amounts equal thereto) in connection with the issue of any Sustainable Bonds, (iv) the allocation of the proceeds by the Lloyds Bank Group to particular Eligible Projects or (v) any assessment of the Eligible Projects criteria or the Framework.

1.20 ***No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to any Sustainable Bonds***

A sustainability specialist has issued a Second Party Opinion (as defined herein) on the Framework. The Second Party Opinion is which provides an opinion on certain environmental and related considerations is a statement of opinion, not a statement of fact. No representation or assurance is given as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with an issue of Covered Bonds issued as Sustainable Bonds. The Second Party Opinion and any other such opinion or certification is not intended to address any credit, market or other aspects of any investment in any Note, including without limitation market price, marketability, investor preference or suitability of any security or any other factors that may affect the value of the Covered Bonds. The Second Party Opinion and any other opinion or certification is not a recommendation to buy, sell or hold any such Covered Bonds and is current only as of the date it was issued.

No assurance or representation is given by the Issuer, the Arranger, the Dealers, any of their respective affiliates or any other person as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion or any other opinion or certification of any third party (whether or not solicited by the Issuer or any affiliate) which may be made available in connection with any particular Sustainable Bonds and in particular whether any Eligible Projects fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Arranger, any of the Dealers, any of their respective affiliates or any other person to buy, sell or hold any particular Sustainable Bonds.

Any such opinion or certification is only current as at the date that such opinion or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Sustainable Bonds. Currently, the providers of such opinions and certifications (including the provider of the Second Party Opinion) are not subject to any specific regulatory or other regime or oversight. No assurance or representation is or can be given by the Issuer, the Arranger, the Dealers, or any of their respective affiliates to investors that any such opinion or certification will reflect any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. The Covered Bondholders have no recourse against the Issuer, the Arranger, any of the Dealers, any of their respective affiliates or the provider of any such opinion or certification for the contents of any such opinion or certification. A withdrawal of any such opinion or certification may affect the value of any Sustainable Bonds, may result in the delisting of such Sustainable Bonds from any dedicated 'green', 'social' or 'sustainable' or other equivalently-labelled segment of any stock exchange or securities market and/or may have consequences for certain investors with portfolio mandates to invest in green, social, sustainable or other equivalently labelled assets.

1.21 ***Sustainable Bonds are not linked to the performance of the relevant Eligible Projects***

The performance of the Sustainable Bonds is not linked to the performance of the relevant Eligible Projects or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Sustainable Bonds and the Eligible Projects. Consequently, neither payments of principal and/or interest on the Sustainable Bonds nor any rights of Covered Bondholders or Couponholders shall depend on the performance of the relevant Eligible Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any Sustainable Bonds shall have no preferential rights or priority against the assets of any Eligible Project nor benefit from any arrangements to enhance the performance of the Covered Bonds.

1.22 ***No assurance that Sustainable Bonds will be admitted to trading on any dedicated 'social' or 'sustainable' (or similar) segment of any stock exchange or market, or that any admission obtained will be maintained***

If any particular Sustainable Bonds are at any time listed or admitted to trading on any dedicated 'green', 'social' or 'sustainable' or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Arranger any of the Dealers, any of their respective affiliates or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own articles of association or other governing rules or investment mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from any particular Sustainable Bonds. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Arranger any of the Dealers, any of their respective affiliates or any other person that any such listing or admission to trading will be obtained in respect of any particular Sustainable Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of any particular Sustainable Bonds, and any failure to obtain or maintain any such listing may affect the value of such Sustainable Bonds.

If any of the risks outlined in this risk factor and/or the preceding risk factors relating to Sustainable Bonds materialise, this may have a material adverse effect on the market price of such Sustainable Bonds and also potentially the market price of any other Covered Bonds which are intended to finance the Lloyds Bank Group's lending for Eligible Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose (including, without limitation, if such investors are required to dispose of their Sustainable Bonds as a result of such Covered Bonds not meeting any investment criteria or objectives set by or for such investor, which could lead to increased volatility and/or material decreases in the market price of Sustainable Bonds).

C RISKS RELATING TO THE COVER POOL

2. Risks relating to the Cover Pool

2.1 ***Limited description of the Portfolio***

Covered Bondholders will receive only limited detailed statistics or information in relation to the Loans in the Portfolio. This information will be set out in the relevant investor report and will relate to the Asset Pool at the end of the immediately preceding month and will not reflect any subsequent changes to the Portfolio since such date. It is expected that the constitution of the Portfolio will frequently change due to, for instance:

- the Seller selling New Loans and their Related Security (or New Loan Types and their Related Security) to the LLP, which may include Loans originated by originators other than the Seller and BOS;
- the Seller repurchasing Loans and their Related Security from the LLP in accordance with the Mortgage Sale Agreement and the LLP Deed;
- repayments by Borrowers, from time to time, of the Loans in the Portfolio; and
- New Sellers acceding to the Transaction Documents and selling and/or repurchasing New Seller Loans and their Related Security (or New Loan Types and their Related Security) to or from the LLP.

There is no assurance that the characteristics of the New Loans, New Loan Types or New Seller Loans assigned to the LLP on any Sale Date will be the same as, or similar to, those Loans in the Portfolio as at that Sale Date or as further described in this Prospectus. Furthermore, although each Loan will be required to meet the Eligibility Criteria and the Representations and Warranties set out in the Mortgage Sale Agreement – see "*Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of the Loans and Related Security*" (although the Eligibility Criteria and Representations and Warranties may change in certain circumstances – see "*The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without, respectively, the Covered Bondholders' or Secured Creditors' prior consent*" below). In addition, the Asset Coverage Test is intended to ensure that the

Adjusted Aggregate Loan Amount is an amount equal to or in excess of the Aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (although there is no assurance that it will do so) and the Cash Manager will provide monthly reports that will set out certain information in relation to the Asset Coverage Test.

2.2 ***Limited recourse to the Seller***

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

If any Loan sold by the Seller does not materially comply with any of the Representations and Warranties made by the Seller as at the Sale Date of that Loan, then the Seller will be required to remedy the breach within 20 London Business Days (or such longer period as the Security Trustee may direct) of receipt by it of a notice from the LLP requiring the Seller to remedy the breach.

If the Seller fails to remedy the breach of a Representation and Warranty within such 20 London Business Day period (or any longer period permitted), then the Seller will be required to repurchase on or before the next following Calculation Date (or such other date that may be agreed between the LLP and the Seller) the relevant Loan and its Related Security and any other Loan secured or intended to be secured by that Related Security or any part of it at their Current Balance.

There can be no assurance that the Seller will have the financial resources to repurchase a Loan or Loans and its or their Related Security. However, if the Seller does not repurchase those Loans and their Related Security which are in breach of the Representations and Warranties, then the Current Balance of those Loans will be excluded from the calculation of the Asset Coverage Test. There is no further recourse to the Seller in respect of a breach of a Representations or Warranties and, other than to Lloyds Bank plc in its capacity as the Seller, there is no recourse to the other Originator.

2.3 ***Sale of Selected Loans and their Related Security whilst an Asset Coverage Test Breach Notice is outstanding or following service of a Notice to Pay***

If an Asset Coverage Test Breach Notice or a Notice to Pay is served on the LLP (and, in the case of service of an Asset Coverage Test Breach Notice, for so long as such notice remains outstanding), the LLP will be obliged to sell Selected Loans and their Related Security (selected on a random basis) in order to remedy a breach of the Asset Coverage Test or to make payments to the LLP's creditors, including payments under the Covered Bond Guarantee, as appropriate, subject to a right of pre-emption in favour of the Seller or BOS (but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") pursuant to the terms of the LLP Deed (see *Summary of the Principal Documents – LLP Deed – Sale of Selected Loans and their Related Security whilst an Asset Coverage Test Breach Notice remains outstanding and Summary of the Principal Documents – LLP Deed – Sale of Selected Loans and their Related Security following service of a Notice to Pay*).

There is no guarantee that a buyer will be found to acquire Selected Loans and their Related Security at the times required and there can be no guarantee or assurance as to the price which the LLP may be able to obtain, which may affect the ability of the LLP to make payments under the Covered Bond Guarantee. However, if a Notice to Pay has been served, the Selected Loans may not be sold by the LLP for less than an amount equal to the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds until six months prior to the Final Maturity Date in respect of such Covered Bonds or (if the same is specified as applicable in the applicable Final Terms or Pricing Supplement) the Extended Due for Payment Date in respect of such Covered Bonds. In the six months prior to, as applicable, the Final Maturity Date or Extended Due for Payment Date, the LLP is obliged to sell the Selected Loans and their Related Security for the best price reasonably available notwithstanding that such price may be less than the Adjusted Required Redemption Amount. If Selected Loans are not sold for an amount equal to or in excess of the Adjusted Required Redemption Amount, the LLP may have insufficient funds available to pay the Covered Bonds.

On the Final Maturity Date of a Series of Covered Bonds or, as applicable on each Interest Payment Date up to and including, the Extended Due for Payment Date, the LLP will apply all proceeds standing to the credit of the GIC Account to redeem the relevant Series of Covered Bonds. Such proceeds will include the sale proceeds of Selected Loans (including any excess sale proceeds resulting from the sale of Selected Loans sold in respect of another Series of Covered Bonds) and all principal repayments received on the Loans in the Portfolio generally. This may adversely affect later maturing Series of Covered

Bonds if the Selected Loans sold to redeem an earlier maturing Series of Covered Bonds are sold for less than the Adjusted Required Redemption Amount and accordingly the LLP is required to apply other assets in the Portfolio (i.e. Principal Receipts) to redeem that earlier maturing Series of Covered Bonds.

2.4 ***Sale of Selected Loans and their Related Security prior to maturity of Hard Bullet Covered Bonds where the Pre-Maturity Liquidity Test is breached***

For those bonds classified as Hard Bullet Covered Bonds, if the Pre-Maturity Liquidity Test is breached, the LLP is obliged to sell Selected Loans and their Related Security (selected on a random basis) to seek to generate sufficient cash to enable the LLP to pay the Final Redemption Amount, on any Hard Bullet Covered Bond, should the Issuer fail to pay. (See *Summary of the Principal Documents – LLP Deed – Sale of Selected Loans and their Related Security if the Pre-Maturity Liquidity Test is breached.*)

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

2.5 ***Set-off risks in relation to some types of Loans may adversely affect the value of the Portfolio or any part thereof***

As described in the risk factor entitled "The LLP does not have legal title to the Loans in the Portfolio on the relevant Sale Date and in some instances the Seller does not itself have legal title to the Loans sold by it to the LLP in the Portfolio", the sale by the Seller to the LLP of English Loans will be given effect by an equitable assignment, and each sale of Scottish Loans will be given effect by a Scottish Declaration of Trust. As a result, legal title to the English Loans and the Scottish Loans and their Related Security sold by the Seller to the LLP will remain with the relevant Originator. Therefore, the rights of the LLP may be subject to the direct rights of the Borrowers against the relevant Originator, including rights of set-off existing prior to notification to the Borrowers of the assignment or assignation (as appropriate) of the Loans. Some of the Loans in the Portfolio may have increased risks of set-off, because the relevant Originator is required to make payments under them to the Borrowers. For instance, set-off rights may occur if the relevant Originator fails to advance to a Borrower a Flexible Loan Drawing when the Borrower is entitled to draw additional amounts under a Flexible Loan.

New products offered by the relevant Originator in the future may have similar characteristics involving payments due from the relevant Originator to the Borrower or third parties on behalf of the Borrower.

For instance, if the relevant Originator fails to advance a Flexible Loan Drawing in accordance with the terms of the relevant Loan then the relevant Borrower may set off any damages claim (or analogous rights in Scotland) arising from the relevant Originator's breach of contract against the relevant Originator's (and, as equitable assignee of or holder of the beneficial interest in the Loans and the Mortgages in the Portfolio, the LLP's) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. These set-off claims will constitute transaction set-off as described in the risk factor entitled "*The LLP does not have legal title to the Loans in the Portfolio on the relevant Sale Date and in some instances the Seller does not itself have legal title to the Loans sold by it to the LLP in the Portfolio"*.

The amount of any such claim in respect of a Flexible Loan Drawing will, in many cases, be the cost to the Borrower of finding an alternative source of funds (although, in the case of a Flexible Loan Drawing, in respect of a Scottish Loan, it is possible, though regarded as unlikely, that the Borrower's rights of set-off could extend to the full amount of the additional drawing). The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses arising from the relevant Originator's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees). If the Borrower is unable to obtain an alternative mortgage loan, he or she may have a claim in respect of other indirect losses arising from the relevant Originator's breach of contract where there are special circumstances communicated by the Borrower to the relevant Originator at the time the Borrower entered into the Mortgage or which otherwise were reasonably foreseeable.

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

Further, there may be circumstances in which:

- a Borrower may seek to argue that amounts comprised in the current balance of Loans as a consequence of Flexible Loan Drawings are unenforceable by virtue of non-compliance with the Consumer Credit Act 1974 (as amended, the **CCA**); or
- certain Flexible Loan Drawings may rank behind security created by a Borrower after the date upon which the Borrower entered into its Mortgage with the relevant Originator.

The Asset Coverage Test seeks to take account of these set-off risks, including the set-off risk relating to any Flexible Loans in the Portfolio (although there is no assurance that such risks will be accounted for). The exercise of set-off rights by Borrowers may nevertheless adversely affect the realisable value of the Portfolio and/or the ability of the LLP to make payments under the Covered Bond Guarantee.

2.6 ***Maintenance of Portfolio***

Asset Coverage Test: The Asset Coverage Test is met if the Adjusted Aggregate Loan Amount is equal to or exceeds the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds from time to time. Pursuant to the terms of the LLP Deed, the Seller will agree to use all reasonable endeavours to transfer Loans and their Related Security or Substitution Assets to the LLP or make a Cash Capital Contribution in order to ensure that the Portfolio is in compliance with the Asset Coverage Test. In consideration of the transfer of Loans and their Related Security or Substitution Assets, the Seller will receive one or a combination of, (a) a cash payment made by the LLP, (b) the Seller being treated as having made a Capital Contribution to the LLP (in an amount up to the difference between the Current Balance of the Loans or Substitution Assets sold by the Seller to the LLP as at the relevant Sale Date and the cash payment (if any) made by the LLP for such Loans or Substitution Assets) and/or (c) Deferred Consideration (including any Postponed Deferred Consideration).

Alternatively, Lloyds Bank plc (in its capacity as Member of the LLP) may make a Cash Capital Contribution to the LLP pursuant to the LLP Deed in order to ensure that the LLP is in compliance with the Asset Coverage Test. If a breach of the Asset Coverage Test occurs on any Calculation Date and is not cured by the following Calculation Date, the Bond Trustee will serve an Asset Coverage Test Breach Notice on the LLP which for so long as such Asset Coverage Test Breach Notice remains outstanding will result, *inter alia*, in the sale of Selected Loans, see further *Summary of the Principal Documents – LLP Deed – Sale of Selected Loans and their Related Security*. If an Asset Coverage Test Breach Notice has been served and not revoked on or before the third Calculation Date after service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default shall occur and the Bond Trustee shall be entitled (and, in certain circumstances may be required) to serve an Issuer Acceleration Notice on the Issuer. Following service of an Issuer Acceleration Notice, the Bond Trustee must serve a Notice to Pay on the LLP. There is no specific recourse by the LLP to the Seller in respect of the failure to transfer Loans and their Related Security or Substitution Assets to the LLP nor is there any specific recourse to Lloyds Bank plc if it does not make Cash Capital Contributions to the LLP.

Amortisation Test: Pursuant to the LLP Deed, the LLP and Lloyds Bank plc (in its capacity as a Member of the LLP) must ensure, on each Calculation Date following service of a Notice to Pay but prior to service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, that the Amortisation Test Aggregate Loan Amount is in an amount at least equal to the aggregate Sterling Equivalent of the Principal Amount Outstanding under the Covered Bonds. The Amortisation Test is intended to ensure that the assets of the LLP do not fall below a certain threshold so that the assets of the LLP are sufficient to meet its obligations under the Covered Bond Guarantee and expenses that rank in priority to or *pari passu* with amounts due on the Covered Bonds. However, there is no assurance that the assets of the LLP will be sufficient for such purposes.

If the collateral value of the Portfolio has not been maintained in accordance with the terms of the Asset Coverage Test and, if applicable, the Amortisation Test, then that may affect the realisable value of the Portfolio or any part thereof (both before and after the occurrence of an LLP Event of Default) and/or the ability of the LLP to make payments under the Covered Bond Guarantee.

Prior to service of a Notice to Pay or an LLP Acceleration Notice, the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, test the calculations performed by the Cash Manager in respect of the Asset Coverage Test once each year on the Calculation Date immediately prior to each anniversary of the Programme Date and more frequently in certain circumstances. Following service of a Notice to Pay (but prior to service of an LLP Acceleration Notice), the Asset Monitor will

be required to test the calculations performed by the Cash Manager in respect of the Amortisation Test. See further *Summary of the Principal Documents – Asset Monitor Agreement.*

The Asset Coverage Test and the Amortisation Test reference amongst other things the Lloyds Index (as a component of the Indexed Valuation).

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

2.7 ***Factors that may affect the realisable value of the Portfolio or any part thereof or the ability of the LLP to make payments under the Covered Bond Guarantee***

The realisable value of Selected Loans and their Related Security comprised in the Portfolio may be affected generally by the economic conditions prevalent at the time of sale and in particular may be reduced (which may affect the ability of the LLP to make payments under the Covered Bond Guarantee) (see also risk factor titled "*Delinquencies or Default by Borrowers in paying amounts due on their Loans*" below) by:

- delinquencies or default by Borrowers in payment of amounts due on their Loans;
- the Loans of New Sellers being included in the Portfolio;
- the Loans of originators other than Lloyds Bank plc and BOS being included in the Portfolio:
- changes to the lending criteria of the relevant Originator since the time of origination;
- the LLP not having legal title to the Loans in the Portfolio;
- set-off risks in relation to some types of Loans in the Portfolio;
- no representations or warranties being given by the LLP or (unless otherwise agreed with the relevant Originator) the Originators;
- limited recourse to the Seller or any New Seller and no recourse to the Originators (other than to Lloyds Bank plc in its capacity as Seller);
- reliance of the LLP on third parties;
- possible regulatory changes by the FCA, the PRA and other regulatory authorities (see "*Legal and Regulatory Risks*");
- regulations in the UK that could lead to some of the Loans or their Related Security being unenforceable, cancellable or subject to set-off, or some of their terms being unenforceable (see "*Legal and Regulatory Risks*");
- the impact of the Pensions Act 2004 (as amended) (see "*Legal and Regulatory Risks*"); and
- geographic risks, as geographic regions within the UK have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in the UK.

Certain of these factors are considered in more detail below. However, it should be noted that the Asset Coverage Test, the Amortisation Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Loans in the Portfolio and moneys standing to the credit of the GIC Account to enable the LLP to repay the Covered Bonds following service on the LLP of a Notice to Pay or an LLP Acceleration Notice. However, there is no assurance that Selected Loans and their Related Security could be realised for sufficient value to enable the LLP to meet its obligations under the Covered Bond Guarantee.

2.8 ***No representations or warranties to be given by the LLP or the Seller if Selected Loans and their Related Security are to be sold***

Following (i) a breach of the Pre-Maturity Liquidity Test; and/or (ii) service of an Asset Coverage Test Breach Notice which remains outstanding or (iii) service of a Notice to Pay (but in each case prior to the service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security), the LLP will be obliged to sell Selected Loans and their Related

Security to third party purchasers, subject to a right of pre-emption in favour of the Seller (or BOS but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") pursuant to the terms of the LLP Deed (see "*Summary of the Principal Documents – LLP Deed – Method of Sale of Selected Loans"*). In respect of any sale of Selected Loans and their Related Security to third parties, however, the LLP will not be permitted to give representations and warranties or indemnities in respect of those Selected Loans and their Related Security (unless expressly permitted to do so by the Security Trustee acting on the instructions of the Bond Trustee, itself acting on advice of a financial or other adviser (selected or approved by it) opining or confirming that the provision of any such warranties and/or indemnities is appropriate in the circumstances and in accordance with market practice and neither the Security Trustee nor the Bond Trustee shall have any liability or be liable to any other person for acting upon such advice, opinion or confirmation). There is no assurance that the Seller (or BOS but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") would give any representations and warranties or indemnities in respect of the Selected Loans and their Related Security. Any Representations and Warranties previously given by the Seller in respect of the Loans in the Portfolio may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Loans and their Related Security could be adversely affected by the lack of representations and warranties or indemnities which in turn could adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee.

2.9 ***Delinquencies or Default by Borrowers in paying amounts due on their Loans***

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity, housing market, economic and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate (due to local, national and/or global macroeconomic factors such as uncertainty involving the potential imposition of significant international trade tariffs by the U.S. government, the war between Russia and Ukraine and the ongoing conflict in the Middle East) or housing conditions, changes in tax laws, interest rates, inflation, cost of living, the availability of financing, yields on alternative investments, political developments and government policies. Other factors may include geopolitical and economic risks relating to Russia's invasion of Ukraine which could impact the UK economy, in particular by pushing up energy and oil prices and increasing inflation (and increasing the cost of living) further which negatively impact household and business incomes and this could have an adverse effect on the ability of Borrowers to make payments on their Loans, decrease Loan redemption levels, increase Loan delinquency rates and increase Loan losses. Interest rates in the UK have increased and are expected to rise further and any further increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of borrowers to repay loans. Unemployment, loss of earnings, illness, divorce or widespread health crises or the fear of such crises and other similar factors may lead to an increase in delinquencies by, and bankruptcies (and analogous arrangements) of, Borrowers, may weaken economic conditions and reduce the value of the affected properties and could ultimately have an adverse impact on the ability of Borrowers to repay Loans.

It should be noted that, as at the date of this base prospectus, the United Kingdom is experiencing high energy prices, rapid increases in inflation and the cost of living, termed by many as a "cost -of -living crisis" (the cost of living in the United Kingdom having risen at its fastest rate in 30 years) which could lead to further economic stress as consumers reduce their household expenditure leading to a negative impact on businesses (in particular those in the retail and service sectors). Developments such as consumer energy price inflation and disruption to global supply chains alongside elevated global demand for goods and supply shortages of specific goods have led to recent inflationary pressure. The United Kingdom is also in a rising interest rate environment (in part to curb inflationary rises) and such rises in interest rates are likely to be passed on to consumers leading to an increase in their cost of debt as well as further discouraging expenditure. Risks to the housing market are growing because of rising mortgage rates and tightening lending standards, which may result in adjustments to housing valuations. An increase in housing costs could make current customer borrowing unaffordable, leading to an increase in defaults and higher impairment charges on secured and unsecured retail exposures.

Further inflationary pressure may result in further interest rate increases over time. There is currently some economic uncertainty and concern in relation to potential stagnation or recession. If inflationary pressure on prices combines with suppressed wage growth, there is the potential for stagflation.

Widespread economic impacts have the potential to create contagion effects. A deflationary environment may negatively affect property values. Rises in a Borrower's cost of debt and cost of living could lead to increased strain on their ability to service their Loans and ultimately lead to losses on the Covered Bonds.

In addition, governmental action or inaction in respect of, or responses to, any widespread health crises or such potential crises (such as those mentioned previously), whether in the United Kingdom or in any other jurisdiction, may lead to a deterioration of economic conditions both globally and also within the United Kingdom. Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Covered Bonds.

In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time. In addition, the Portfolio may contain interest-only loans. It is the responsibility of the relevant Borrower to have an investment plan in place to assist that Borrower to ensure that funds will be available to repay the principal at the end of the term. The Seller has not always verified that an investment plan is in place and does not take security over these investment plans. From 26 April 2014, the Seller, at the time of application for an interest-only loan or further advance, will (with permitted exceptions) obtain evidence that the Borrower will have in place a clearly understood and credible repayment strategy and that the repayment strategy has the potential to repay the principal at the end of the term.

The ability of a Borrower to repay the principal on an interest-only loan at maturity depends on the Borrower ensuring that sufficient funds are available from an investment plan or another source, such as ISAs, pension policies or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. The proceeds from an investment plan or other investment may be insufficient to cover the repayment of principal of the loan which may result in a default by the Borrower.

2.10 ***The Loans of New Sellers other than Lloyds Bank plc, and originators, other than Lloyds Bank plc and BOS may be included in the Portfolio***

New Sellers may in the future accede to the Programme and sell Loans and their Related Security to the LLP. However, this would only be permitted if the conditions precedent relating to New Sellers acceding to the relevant Transaction Documents (more fully described under *Summary of the Principal Documents – Mortgage Sale Agreement – New Sellers* below) are met. Provided that those conditions are met, the consent of Covered Bondholders to the accession of any New Seller to the relevant Transaction Documents will not need to be obtained.

Any loans originated by a New Seller will have been originated in accordance with the lending criteria of the New Seller, which may differ from the Lending Criteria for Loans originated by the Originators. If the lending criteria differ in a way that affects the creditworthiness of the Loans in the Portfolio, that may lead to increased defaults by Borrowers and may affect the realisable value of the Portfolio or any part thereof or the ability of the LLP to make payments under the Covered Bond Guarantee. As noted above, however, Defaulted Loans in the Portfolio will be given a reduced weighting for the purposes of the calculation of the Asset Coverage Test and the Amortisation Test.

Additionally, loans originated by a member of Lloyds Banking Group, other than Lloyds Bank plc and BOS, may be included in the Portfolio. Any such loans will be purchased by Lloyds Bank plc pursuant to an intercompany mortgage sale agreement, before Lloyds Bank plc (in its capacity as Seller) sells them to the LLP pursuant to the Mortgage Sale Agreement. Any of these loans may have been originated in accordance with lending criteria which differs from that of the Originators. As noted above, the difference in the lending criteria may affect the creditworthiness of the Loans in the Portfolio that may lead to increased defaults by Borrowers and may affect the realisable value of the Portfolio or any part thereof or the ability of the LLP to make payments under the Covered Bond Guarantee. Defaulted Loans in the Portfolio will be given a reduced weighting for the purposes of the calculation of the Asset Coverage Test and the Amortisation Test.

2.11 ***The Originators have adopted procedures relating to investigations and searches for remortgages which could affect the characteristics of the Portfolio and which may adversely affect payments on the Covered Bonds***

The Originators do not require a solicitor or a licensed conveyancer or (in Scotland) a qualified conveyancer to conduct a full investigation of the title to a mortgaged property in all cases. Where the borrower is remortgaging, there may be a more limited investigation to carry out some but not all of the searches and investigations which would normally be carried out by a solicitor conducting a full investigation of the title to a mortgaged property. Mortgaged properties which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the mortgaged properties not being accepted as security for a loan had such matters been revealed. However, no search indemnity insurance is obtained in respect of such mortgaged properties to mitigate against this risk. The introduction of Loans secured by such Properties into the Portfolio could result in a change of the characteristics of the Portfolio. This could lead to a delay or reduction in the payments received on the Covered Bonds.

2.12 ***Changes to the Lending Criteria of the Originators since the time of origination***

Each of the Loans originated by the Originators will have been originated in accordance with their Lending Criteria at the time of origination, subject only to exceptions properly approved on a case-by-case basis. It is expected that each Originator's Lending Criteria will generally consider (amongst other things) type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicant and credit history. In the event of the assignment or assignation of any Loans and their Related Security to the LLP, the Seller will warrant only that such Loans and Related Security were originated in accordance with the Lending Criteria applicable at the time of origination, subject only to exceptions properly approved on a case-by-case basis. The Originators retain the right to revise their Lending Criteria from time to time but would do so only to the extent that such a change would be acceptable to a Reasonable, Prudent Mortgage Lender. If the Lending Criteria change in a manner that affects the creditworthiness of the Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of the Portfolio, or part thereof, and the ability of the LLP to make payments under the Covered Bond Guarantee. As noted above, however, Defaulted Loans in the Portfolio will be given a reduced weighting for the purposes of the calculation of the Asset Coverage Test and the Amortisation Test.

2.13 ***The LLP does not have legal title to the Loans in the Portfolio on the relevant Sale Date and in some instances the Seller does not itself have legal title to the Loans sold by it to the LLP in the Portfolio***.

The sale by the Seller to the LLP of English Loans and their Related Security will take effect by way of an equitable assignment. The sale by the Seller to the LLP of Scottish Loans and their Related Security will be given effect by way of Scottish Declarations of Trust under which the beneficial interest in the Scottish Loans and their Related Security will be transferred to the LLP. As a result, legal title to English Loans and Scottish Loans, together with, in each case, their Related Security will remain with the relevant Originator, which may not be the Seller (under the terms of the Intercompany Mortgage Sale Agreement, BOS will retain legal title to the BOS Loans and their Related Security until the occurrence of certain perfection events set out therein). The LLP, however, will have the right to demand that the Seller transfer to it legal title to the Loans and the Related Security in the circumstances described in *Summary of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Loans to the LLP* and until such right arises the LLP will not give notice of the sale of the Loans and their Related Security to any Borrower or apply to the Land Registry or the Central Land Charges Registry (in relation to the English Loans) to register or record its equitable interest in the English Loans and their Related Security or take any steps to perfect its title to the Scottish Loans and their Related Security. In such circumstances, the Seller will require the relevant Originator to transfer legal title to it, in order for the Seller to comply with the terms of the Mortgage Sale Agreement.

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

- first, if the relevant Originator wrongly sells a Loan and its Related Security, which has already been assigned to the LLP, to another person and that person acted in good faith and did not have notice of the interests of the LLP in the Loan and its Related Security, then such person might obtain good title to the Loan and its Related Security, free from the interests of the LLP. If this

occurred, then the LLP would not have good title to the affected Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Loan. However, the risk of third party claims obtaining priority to the interests of the LLP would be likely to be limited to circumstances arising from a breach by the relevant Originator of its contractual obligations or fraud, negligence or mistake on the part of the relevant Originator or the LLP or their respective personnel or agents;

- second, the rights of the LLP may be subject to the rights of the Borrowers against the relevant Originator, such as rights of set-off, which occur in relation to transactions or deposits made between Borrowers and the relevant Originator, and the rights of Borrowers to redeem their mortgages by repaying the Loans directly to the relevant Originator; and
- third, unless the LLP has perfected the assignment or assignation of the Loans (which it is only entitled to do in certain circumstances), the LLP would not be able to enforce any Borrower's obligations under a Loan or Mortgage itself but would have to join the relevant Originator as a party to any legal proceedings.

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

Once notice has been given to the Borrowers of the assignment or assignation (as appropriate) of the Loans and their Related Security to the LLP, independent set-off rights which a Borrower has against the relevant Originator (such as, for example, set-off rights associated with Borrowers holding deposits with the relevant Originator) will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (which are set-off claims arising out of a transaction connected with the Loan) will not be affected by that notice and will continue to exist. In relation to potential transaction set-off in respect of certain types of Loans, see the risk factor entitled "*Set-off risks in relation to some types of Loans may adversely affect the value of the Portfolio or any part thereof*".

It should be noted, however, that the Asset Coverage Test seeks to take account of the potential set-off risk associated with Borrowers holding deposits with the relevant Originator. However, there is no assurance that these steps will prevent set-off risks from adversely affecting the realisable value of the Loans. Further, for so long as the LLP does not have legal title, the relevant Originator will undertake for the benefit of the LLP and the Secured Creditors that it will, if reasonably required to do so by the LLP or the Security Trustee, participate or join in any legal proceedings to the extent necessary to protect, preserve and enforce the relevant Originator's, the LLP's or the Security Trustee's title to or interest in any Loan or its Related Security, and take such other steps as may be reasonably required by the LLP or the Security Trustee in relation to any legal proceedings in respect of the Loans and their Related Security.

2.14 ***The Loans are affected by credit, liquidity and interest rate risk***

Increases in the Bank of England base rate and/or mortgage interest rates may result in borrowers with a mortgage loan subject to a variable rate of interest or with a mortgage loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward (or, in the case of a mortgage loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in borrowers' monthly payments, which (in the case of a mortgage loan with an initial fixed rate or low introductory rate) may be compounded by continued increases in the related mortgage interest rate during the relevant fixed or introductory period, ultimately may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid these increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rates) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates and losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Covered Bonds.

2.15 ***Realisation of Charged Property following the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or following the commencement of winding-up proceedings against the LLP***

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

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

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

2.16 ***Loans are subject to certain legal and regulatory risks***

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

Regulated Mortgage Contracts. A Borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of the FCA or PRA rule, and may set off the amount of the claim against the amount owing by the Borrower under the loan or any other loan that the Borrower has taken with that authorised person (or exercise analogous rights in Scotland). Any such set-off in respect of the Loans may adversely affect the LLP's ability to make payments on the Covered Bond Guarantee.

Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK –Regulated Mortgage Contracts*" below.

Regulation of residential secured lending. The exercise of supervisory and enforcement powers by the FCA may adversely affect the Issuer's ability to make payment on the Covered Bonds when due, particularly if the FCA orders remedial action in respect of past conduct. Non-compliance with certain provisions of the CCA may render a regulated credit agreement totally unenforceable or unenforceable without a court order or an order of the appropriate regulator, or may render the borrower not liable to pay interest or charges in relation to the period of non-compliance. This regulatory regime may result in adverse effects on the enforceability of certain Loans and consequently the LLP's ability to make payment in full on the Covered Bond Guarantee when due. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – Regulation of residential secured lending (other than regulated mortgage contracts)*" below.

Guidance Issued by the Regulators. Guidance issued by the regulators has changed over time and it is possible that it may change in the future. No assurance can be given that any changes in legislation, guidance or case law as it relates to the Portfolio will not have a material adverse effect on the Seller, the LLP and/or the Servicer and their respective businesses and operations. There can be no assurance that any such changes will not affect the Loans. Any such changes (including changes in regulators' responsibilities) may also adversely affect the Issuer's operating results, financial condition and prospects. Further detail is included in the sections headed "*Further Information relating to the regulation of Mortgages in the UK – Regulation of residential secured lending (other than regulated mortgage contracts)" and "- Changes to UK mortgage regulation and to the regulation structure in the United Kingdom*" below.

Unfair Relationships. If a court determined that there was an unfair relationship between the Lender and the Borrowers in respect of the Loans and orders that financial redress is made in respect of such Loans, such redress may adversely affect the ultimate amount received by the LLP in respect of the relevant Loans, and the realisable value of the Portfolio and/or the ability of the LLP to make payments under the

Covered Bond Guarantee. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – Unfair relationships*" below.

Devolution of taxing powers to the Scottish Parliament. The devolution of certain taxing powers to the Scottish Parliament should not have an adverse impact on the Scottish economy or on mortgage origination in Scotland, except that it is possible that increased rates of income tax in Scotland could mean that some Borrowers' ability to pay amounts when due on the Loans originated in Scotland could be affected, and which, in turn, may adversely affect payments by the Issuer on the Covered Bonds. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – Devolution of taxing powers to the Scottish Parliament*" below

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

UTCCR and CRA. The UTCCR and CRA provide that a consumer may, in certain circumstances, challenge a term in an agreement on the basis that it is unfair. The broad and general wording of the UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into between 1 July 1995 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Covered Bond Guarantee, including by way of non-recovery of a Loan by the Seller or the LLP a claim made by the Borrower or the exercise by the Borrower of a right of set-off arising as a result of a term of a loan being found to be unfair (and therefore not binding on the consumer) may adversely affect the LLP's ability to make payments on the Covered Bond Guarantee.

If any term of the Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Covered Bond Guarantee. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the LLP and/or the Servicer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Loans. Further detail in relation to both the UTCCR and the CRA is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015*" below.

Mortgage repossession and Pre-Action Protocols. The protocols for mortgage repossession and the Home Owner and Debtor Protection (Scotland) Act 2010 may have adverse effects in relation to the ability of the Seller to repossess properties in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – "Mortgage Repossessions"* and *"The Home Owner and Debtor Protection (Scotland) Act 2010"* below.

Breathing Space Regulations. The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 came into force on 4 May 2021 (the **Breathing Space Regulations**). The Breathing Space Regulations established a scheme which gives eligible individuals in England and Wales the ability to apply for a breathing space or mental health crisis moratorium during which creditors may not demand payment of interest or fees that accrue, or enforce a debt owed by the applicant. The Breathing Space Regulations do not apply to mortgages, except for arrears which are uncapitalised at the date of the application for a breathing space under the Breathing Space Regulations. There is a risk that delays in the initiation of enforcement action in respect of the Loans may result in lower recoveries and may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – Breathing Space Regulations*" below.

Consumer Protection from Unfair Trading Regulations 2008 and the Digital Markets Competition and Consumers Act 2024. The Consumer Protection from Unfair Trading Regulations 2008 (**CPUTR**) prohibits certain practices which are deemed unfair within the terms of the CPUTR. Breach of the CPUTR may lead to liability for misrepresentation or breach of contract in relation to the underlying credit agreements, which may result in irrecoverable losses on amounts to which such agreements apply and which may adversely affect the LLP's ability to make payments on the Covered Bond Guarantee. Further, in May 2024 some parts of the Digital Markets, Competition and Consumers Act 2024 (the **DMCCA**) came into force. From 6 April 2025, the DMCCA has revoked the CPUTR rules and recreated their effect, with some amendments. The new regime has introduced new rules on consumer reviews, drip pricing and consumer vulnerability, new powers to expand the list of automatically unfair practices and a new enforcement regime. The possibility of the new regime having an adverse impact on the Loans cannot be excluded. Further detail is included in the section headed " *Further Information relating to the regulation of Mortgages in the UK – Consumer Protection from Unfair Trading Regulations and the Digital Markets, Competition and Consumers Act 2024*".

Financial Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to the borrower, it is not possible to predict how any future decision of the Ombudsman would affect the LLP's ability to make payment in full on the Covered Bond Guarantee when due. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – "Decisions of the Ombudsman*" below.

FCA Consumer Duty. The consumer duty on regulated firms (the **Consumer Duty**) which applied from 31 July 2023 (with rules for "closed" products taking effect from 31 July 2024). The regime aims to set a higher level of consumer protection in retail financial markets. Owing to the outcomes based nature of the Consumer Duty, how it applies remains uncertain. If (for example) the obligations relating to fair value or not causing harm are not met in relation to the Portfolio, it could adversely affect the amounts received or recoverable in relation to the Portfolio and consequently the LLP's ability to make payments under the Covered Bond Guarantee. As the impact of the Consumer Duty on the Loans cannot yet be predicted no assurances can be given that it will not have a material adverse effect on the Seller, the Issuer and the LLP and their respective businesses and operations. In addition, the implementation of and compliance with these rules may impose additional compliance costs, which may have a material adverse effect on the Servicer and/or the LLP and their respective businesses and operations. This may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – FCA Consumer Duty"* below.

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

Representations and Warranties given by the Seller. The Seller will give warranties to the LLP in the Mortgage Sale Agreement that, among other things, each of its Loans and their Related Security is enforceable (subject to exceptions). If a Loan or its Related Security does not comply with these warranties, and if the default cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, then the Seller will, upon receipt of notice from the LLP, be solely liable to repurchase the relevant Loan(s) and their Related Security from the LLP in accordance with the Mortgage Sale Agreement. Any failure by the Seller to repurchase the relevant Loan(s) could have an adverse effect of the quality of the Cover Pool which in turn could affect the ability of the Covered Bondholders to receive

all amounts due on the Covered Bonds. Further detail is included in the section headed "*Further Information relating to the regulation of Mortgages in the UK – Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below.

D RISKS RELATING TO THE REGULATION OF THE COVERED BONDS

3. Risks relating to the Regulation of the Covered Bonds

3.1 UK regulated covered bond regime

On 4 January 2010, the Issuer was admitted to the register of issuers and the Programme (and the Covered Bonds issued previously under the Programme) was admitted to the register of regulated covered bonds pursuant to Regulation 14 of the RCB Regulations. The RCB Regulations and the Regulated Covered Bonds Sourcebook (the **RCB Sourcebook**) impose certain new ongoing obligations and liabilities on both the Issuer and the LLP. In this regard, the LLP is required to (amongst other things), following the insolvency of the Issuer, make arrangements for the maintenance and administration of the Asset Pool such that certain asset capability and quality related requirements are met.

The Authorities may take certain actions in respect of the Issuer and/or the LLP under the RCB Regulations. Such actions include directing the winding-up of the LLP, removing the Issuer from the register of issuers (however, pursuant to the RCB Regulations, a regulated covered bond may not be removed from the register of regulated covered bonds prior to the expiry of the whole period of validity of the relevant bond), directing the Issuer and/or the LLP to take specified steps for the purpose of complying with the RCB Regulations and/or imposing a financial penalty of such amount as it considers appropriate in respect of the Issuer or the LLP. The bodies which regulate the financial services industry in the UK, may take certain actions in respect of issuers using their general powers under the UK regulatory regime (including restricting an issuer's ability to transfer further assets to the asset pool). There is a risk that any such enforcement actions by the Authorities may reduce the amounts available to pay Covered Bondholders.

A winding-up of the LLP, in particular prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, may have an adverse effect on the ability of the Issuer to make payments under the Covered Bonds.

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

3.2 Harmonisation of the EU covered bond framework

From 8 July 2022, regulation of covered bonds in the EEA has been reformed under: (i) the covered bond directive (**EU CBD**, Directive (EU) 2019/2162) that (subject to certain grandfathering provisions) replaced article 52(4) of the **UCITS Directive** and established a revised common base-line for issue of covered bonds for EEA regulatory purposes (subject to various options that member states may choose to exercise in their national laws, which leads to variation of applicable requirements in practice); and (ii) amendments to article 129 (and certain related provisions) of the Capital Requirements Regulation (**EU CRR**) that further strengthens the criteria for covered bonds that benefit from preferential capital treatment under the EU CRR regime.

It should be noted that the EU CBD mandates the European Commission to submit several reports to the European Parliament and the Council on the implementation of the EU covered bond framework (and various other related matters, including the introduction of a third country equivalence regime), that may be accompanied with legislative proposals, if appropriate. For these purposes, and in response to a call for advice from the European Commission, the European Banking Authority (EBA) published in September 2025 its report on the review of the EU covered bond framework, advising further harmonisation of various requirements and recommending certain parameters for the introduction of a third country equivalence regime that would result in overseas covered bonds meeting applicable criteria (which include certain conditions on reciprocity) being eligible for preferential regulatory treatment in the EEA. Whether the European Commission will adopt all or any of the EBA recommendations and whether (or when) any further legislative amendments will be introduced to the EU covered bond framework remain to be seen. Therefore, no assurances or predictions can be made as to the precise effect of any such future reforms on the Covered Bonds, including whether (or when) the third country

equivalence regime may be introduced in the EEA and, if such regime is introduced, whether it will benefit the Covered Bonds.

3.3 The EU CBD and the EU CRR amendments do not have direct application in the UK. Any further EU covered bond reforms may or may not incentivise the UK government or the UK regulators to introduce similar changes in the UK framework. It should be noted, however, that as part of Basel 3.1 implementation in the UK and the revocation of certain assimilated EU laws, HM Treasury has put forward a new policy and a new legislative initiative relating to the introduction of an overseas prudential requirements regime (**OPRR**) which will replace existing UK CRR equivalence regimes. Under this initiative it is anticipated that certain overseas covered bonds designated under the OPRR will be subject to preferential regulatory treatment in the UK. In February 2026, further detail on the OPRR has been published for consultation, which included HM Treasury draft statutory instrument and the PRA proposals on certain limited amendments to its rulebook. However, further consultations on the new regime are expected in due course and at this stage it has not yet been confirmed which third country jurisdictions (and when) will be designated for the purposes of third country covered bond eligibility for better prudential treatment in the UK. This development is relevant from the perspective of the UK assessment for equivalence in the EEA if the European Commission takes forward the EBA recommendations on the introduction of the third country covered bond equivalence regime noted above. However, there can be no assurances or predictions made at this stage as to the precise effect of this UK initiative on the Covered Bonds. In addition, preferential regulatory treatment under article 129 of the EU CRR will not be available in respect of the Covered Bonds since 31 December 2020, as from that point the UK has left the EU and it is no longer part of the EEA. Furthermore, the Covered Bonds will not be grandfathered under the EU covered bond framework given that the EU CBD provides for permanent grandfathering for article 52(4) UCITS Directive-compliant covered bonds issued by an issuer with its registered office in an EU member state before the relevant application date, provided there is continued supervision by the relevant designated competent authority in the EU (similar grandfathering provisions are also provided for in the EU CRR). The Covered Bonds may be eligible as Level 2A assets under Delegated Regulation (EU) 2018/1620 (as amended), provided certain equivalence and transparency requirements are met, as to which no assurances are made, and prospective investors should therefore make themselves aware of the changes in addition to any other applicable regulatory requirements with respect to their investment in the Covered Bonds. In addition, preferential regulatory treatment under article 129 of the EU CRR will not be available in respect of the Covered Bonds since 31 December 2020, as from that point the UK has left the EU and it is no longer part of the EEA. Furthermore, the Covered Bonds will not be grandfathered under the EU covered bond framework given that the EU CBD provides for permanent grandfathering for article 52(4) UCITS Directive-compliant covered bonds issued by an issuer with its registered office in an EU member state before the relevant application date, provided there is continued supervision by the relevant designated competent authority in the EU (similar grandfathering provisions are also provided for in the EU CRR). The Covered Bonds may be eligible as Level 2A assets under Delegated Regulation (EU) 2018/1620 (as amended), provided certain equivalence and transparency requirements are met, as to which no assurances are made and prospective investors should therefore make themselves aware of the changes in addition to any other applicable regulatory requirements with respect to their investment in the Covered Bonds.

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

E RISKS RELATING TO COUNTERPARTIES

4. Risks relating to Counterparties

4.1 ***Reliance of the LLP on third parties***

The LLP has entered into agreements with a number of third parties, which have agreed to perform services for the LLP. In particular, but without limitation, the Servicer has been appointed to service Loans in the Portfolio, the Cash Manager has been appointed to calculate and monitor compliance with the Asset Coverage Test and the Amortisation Test and to provide cash management services to the LLP, the Account Bank has been appointed to provide banking services and the GIC Provider has been appointed to receive and hold moneys on behalf of the LLP and to provide an agreed rate of interest thereon. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Portfolio or any part thereof or pending such realisation

(if the Portfolio or any part thereof cannot be sold) the ability of the LLP to make payments under the Covered Bond Guarantee may be affected. For instance, if the Servicer has failed to adequately manage the Loans, this may lead to higher incidences of non-payment or default by Borrowers. The LLP is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Intercompany Loan Agreement (if applicable) and the Covered Bond Guarantee, in the circumstances described in the following risk factors entitled "*Reliance on Swap Providers*" and "*Differences in timings of obligations of the LLP and the Covered Bond Swap Provider under the Covered Bond Swaps*". In addition, following an Issuer Event of Default and the subsequent sale of Loans by the LLP in accordance with the LLP Deed, such sale proceeds will be deposited in the GIC Account for application in accordance with the provisions of the LLP Deed when amounts are Due for Payment. Although the GIC Provider is subject to rating downgrade triggers in the Bank Account Agreement, should the GIC Provider fail to pay the required amounts in accordance with the instructions of the LLP or the Cash Manager, there may not be sufficient funds available to the LLP to make payments on the Covered Bonds when the same shall become Due for Payment.

If a Servicer Termination Event occurs pursuant to the terms of the Servicing Agreement, then the LLP and/or the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of managing mortgages of residential properties would be found who would be willing and able to service the Loans in the Portfolio on the terms of the Servicing Agreement. In addition, any substitute servicer would be required to be authorised under the FSMA. The ability of a substitute servicer to perform fully the required services would depend on, among other things, the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Portfolio or any part thereof and/or the ability of the LLP to make payments under the Covered Bond Guarantee. However, if the Servicer ceases to be assigned a long-term, unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 or by Fitch of at least BBB-, the LLP will be required to use reasonable endeavours to enter into a servicing agreement with a third party in order to ensure continued servicing of the Loans in the Portfolio.

The Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion. The Servicer will not be required to seek the consent or approval of the Covered Bondholders before taking any action under the Servicing Agreement.

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

In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party (including any failure arising from circumstances beyond their control, such as epidemics and/or pandemics), Covered Bondholders may be adversely affected.

4.2 ***Reliance on Swap Providers***

To provide a hedge against possible variances in the rates of interest payable on the Loans in the Portfolio (which may, for instance, include variable rates of interest, fixed rates of interest or rates of interest which track a base rate) and SONIA, the LLP may enter into an Interest Rate Swap with the Interest Rate Swap Provider under the Interest Rate Swap Agreement. In addition, to provide a hedge against interest rate, currency (if applicable) and/or other risks in respect of amounts received by the LLP under the Loans in the Portfolio and the Interest Rate Swap and amounts payable by the LLP on the outstanding Term Advances and under the Covered Bond Guarantee in respect of the Covered Bonds, the LLP may enter into a Non-Forward Starting Covered Bond Swap with a Covered Bond Swap Provider in respect of a Series of Covered Bonds under the Covered Bond Swap Agreement between the LLP and that Covered Bond Swap Provider. To provide a hedge against interest rate, currency (if applicable) and/or other risks in respect of amounts received by the LLP under the Loans in the Portfolio and the Interest Rate Swap and amounts payable by the LLP under the Covered Bond Guarantee after service of a Notice to Pay on the LLP or service of an LLP Acceleration Notice, the LLP may, where relevant, enter into a Forward Starting Covered Bond Swap with a Covered Bond Swap Provider in respect of a Series of Covered Bonds under a Covered Bond Swap Agreement between the LLP and that Covered Bond Swap Provider.

If the LLP fails to make timely payments of amounts due under any Swap Agreement, then it will have defaulted under that Swap Agreement and such Swap Agreement may be terminated by the relevant Swap Provider. A Swap Provider is only obliged to make payments to the LLP as long as the LLP complies with its payment obligations under the relevant Swap Agreement. If a Swap Agreement terminates or the Swap Provider is not obliged to make payments or if the Swap Provider defaults on its obligations to

make payments of amounts in the relevant currency equal to the full amount to be paid to the LLP on the due date for payment under the relevant Swap Agreement, the LLP will be exposed to changes in the relevant currency exchange rates to Sterling (where relevant) and to any changes in the relevant rates of interest. Unless a replacement swap is entered into, the LLP may have insufficient funds to make payments under the outstanding Term Advances and, following service of a Notice to Pay or an LLP Acceleration Notice on the LLP, under the Covered Bond Guarantee.

If a Swap Agreement terminates, then the LLP may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the LLP will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the LLP will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Covered Bonds by the Rating Agencies.

If the LLP is obliged to pay a termination payment under any Swap Agreement, such termination payment will rank ahead of amounts due on the Covered Bonds (in respect of the Interest Rate Swap) and *pari passu* with amounts due on the Covered Bonds (in respect of the Covered Bond Swaps), except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap Agreement to terminate. The obligation on the LLP to make a termination payment may adversely affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee.

In the event that any of the Swap Providers fail to perform their obligations under the respective agreements to which they are a party (including any failure arising from circumstances beyond their control, such as epidemics and/or pandemics), Covered Bondholders may be adversely affected.

4.3 Change of counterparties

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

These criteria include requirements imposed under the FSMA and requirements in relation to the short-term, unguaranteed and unsecured ratings ascribed to such party by Fitch and Moody's. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive moneys on behalf of the LLP) may be required to be transferred to another entity which does satisfy the applicable criteria. However, it may not be possible to find a suitably rated counterparty to replace the original counterparty. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document.

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

4.4 Conflicts of Interest

Conflicts of interest may arise during the life of the Programme as a result of various factors involving certain transaction parties. For example, such potential conflicts may arise because members of the Group act in several capacities (such as Interest Rate Swap Provider, Issuer, Cash Manager, Servicer and Account Bank) under the Transaction Documents although the relevant rights and obligations under the Transaction Documents are not contractually conflicting and are independent from one another. Also during the course of their business activities, the transaction parties and/or any respective affiliates may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Loans. In such cases, the interest of any of those parties or their affiliates or the interest of other parties for whom they perform servicing functions may differ from, and compete with, the interests of the Issuer or of the holders of the Covered Bonds.

So far as the Issuer is aware, there are no potential conflicts of interest between any duties of the members of the Group acting in their several capacities under the Transaction Documents, as at the date of this Prospectus.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer, the LLP and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may

also enter into swap and derivative transactions with the Issuer, the LLP and their affiliates and/or in relation to Covered Bonds issued under the Programme.

F RELATING TO STRUCTURAL AND DOCUMENTATION CHANGES

5. Risks relating to Structural and Documentation Changes

5.1 ***The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without, respectively, the Covered Bondholders' or Secured Creditors' prior consent***

Pursuant to the terms of the Trust Deed and the Deed of Charge, the Bond Trustee and the Security Trustee may, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors, concur with any person in making or sanctioning any modification to, or waive or authorise any breach or proposed breach in respect of, the Transaction Documents and the Terms and Conditions of the Covered Bonds 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 treated as such provided that:

- the Bond Trustee is of the opinion that such modification, waiver, authorisation or determination will not be materially prejudicial to the interests of any of the Covered Bondholders, and (b) the Security Trustee is of the opinion that such modification, waiver, authorisation or determination is not materially prejudicial to the interests of any of the Covered Bondholders or the Covered Bond Swap Providers or the Interest Rate Swap Provider, except for any Covered Bond Swap Provider or Interest Rate Swap Provider who is a member of the Lloyds Banking Group (where, if the Security Trustee is unable to determine whether any such modification, waiver or authorisation is materially prejudicial to any of the Covered Bond Swap Providers or the Interest Rate Swap Provider, the provisions referred to below under *Security Trustee's powers may affect the interests of the Covered Bondholders* shall apply); or
- in the case of modification only, such modification is in the sole opinion of the Bond Trustee or the Security Trustee (as the case may be) of a formal, minor or technical nature or is to correct a manifest error or an error which is, in the sole opinion of the Bond Trustee or the Security Trustee (as the case may be), proven, or is to comply with mandatory provisions of law,

provided further that, in respect of any proposed modification, waiver, authorisation or determination, prior to the Bond Trustee or the Security Trustee (as the case may be) agreeing to any such modification, waiver, authorisation or determination, the Issuer must send written confirmation to the Bond Trustee:

(i) that such modification, waiver, authorisation or determination, as applicable, would not result in a breach of the RCB Regulations or result in the Issuer and/or the Programme ceasing to be registered under the RCB Regulations; and

(ii) that either: (a) such modification, waiver, authorisation or determination would not require notification in accordance with Regulation 20 of the RCB Regulations; or (b) if such modification, waiver or authorisation 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, waiver, authorisation or determination.

Notwithstanding the above, the Issuer and the LLP may, without the consent or sanction of the Bond Trustee, the Security Trustee, the Covered Bondholders, Receiptholders or Couponholders or any of the other Secured Creditors, concur with any person in making or sanctioning any modification to the provisions of any Final Terms or Pricing Supplement, as applicable, which is of a formal, minor or technical nature or is made to correct a proven or manifest error or to comply with any mandatory provisions of law.

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

In addition to the right of the Bond Trustee to make certain modifications to the Transaction Documents without the consent of Covered Bondholders described under "*—The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without, respectively, the Covered Bondholders' or Secured Creditors' prior consent*", the Bond Trustee shall, without any consent or

sanction of the Covered Bondholders or any of the other Secured Creditors, concur with the Issuer in making any modification (other than a Series Reserved Matter) to the Trust Deed, the Conditions or any other Transaction Document to which it is a party or in relation to which it holds security for the purpose of changing the Reference Rate to an Alternative Base Rate as further described in Condition 14(d) (*Meetings of Covered Bondholders, Modification and Waiver*) on the relevant Series of Covered Bonds outstanding (and such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change, such amendments do not constitute a Series Reserved Matter) to the extent there has been or there is reasonably expected to be a material disruption or cessation to EURIBOR, BBSW, SARON, SONIA, SOFR and €STR in each case subject to the satisfaction of certain requirements, including receipt by the Bond Trustee of a Base Rate Modification Certificate, certifying, among other things, that the modification is required for its stated purpose.

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

Moreover, if the Issuer (in its capacity as Designated Transaction Representative) determines that a Benchmark Transition Event has occurred with respect to SOFR, then the Bond Trustee shall be obliged, without the consent or sanction of the Covered Bondholders or any confirmation from any Rating Agencies, to concur with the Designated Transaction Representative, in making any modification to the Conditions or any of the Transaction Documents that the Designated Transaction Representative decides may be appropriate to give effect to the provisions set forth in Condition 14(d) (*Meetings of Covered Bondholders, Modification and Waiver*) under the section titled "Effect of Benchmark Transition Event on SOFR linked Floating Rate Covered Bonds" in relation only to all determinations of the rate of interest payable on any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR and any related swap agreements. The Covered Bondholders and the other Secured Creditors shall be deemed to have instructed the Bond Trustee to concur with such amendments and shall be bound by them regardless of whether or not they are materially prejudicial to the interests of the Covered Bondholders or the other Secured Creditors.

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

5.3 ***Security Trustee's powers may affect the interests of the Covered Bondholders***

In the exercise of its powers, trusts, authorities and discretions the Security Trustee shall only have regard to the interests of the Covered Bondholders, save in relation to a proposed modification to, or waiver or

authorisation of any breach or proposed breach of, any provisions of the Covered Bonds of any Series or any of the Transaction Documents which, in its opinion, are materially prejudicial to the interests of any of the Covered Bondholders or the Covered Bond Swap Providers or the Interest Rate Swap Provider, where it shall only have regard to the interests of the Covered Bondholders and, except for a Covered Bond Swap Provider or Interest Rate Swap Provider who is a member of the Lloyds Banking Group, the Covered Bond Swap Providers and the Interest Rate Swap Provider.

Where the Security Trustee is unable to determine whether any such modification, waiver or authorisation is materially prejudicial to any of the Covered Bond Swap Providers or the Interest Rate Swap Provider, except for a Covered Bond Swap Provider or Interest Rate Swap Provider (as the case may be) who is a member of the Lloyds Banking Group, it shall give written notice to such Covered Bond Swap Provider or Interest Rate Swap Provider, setting out the relevant details and requesting its consent thereto. Any such Covered Bond Swap Provider or Interest Rate Swap Provider shall, within 10 London Business Days of receipt of such notice (the **Relevant Period**), notify in writing the Security Trustee of (a) its consent (such consent not to be unreasonably withheld or delayed) to such proposed modification, waiver or authorisation; or (b) subject to paragraph (a), its refusal to give such consent and reasons for such refusal (such refusal not to be unreasonable in the circumstances). Any failure by the relevant Covered Bond Swap Provider or Interest Rate Swap Provider to notify the Security Trustee as aforesaid within the Relevant Period shall be deemed to be a consent by the relevant Covered Bond Swap Provider or Interest Rate Swap Provider to such proposed modification, waiver or authorisation, provided that the Security Trustee shall only agree to such modification, waiver or authorisation if it is satisfied that the exercise of its powers, trusts, authorities and discretions in respect of such modification, waiver or authorisation will not be materially prejudicial to the interests of the Covered Bondholders. In the exercise of its powers, trusts, authorities and discretions, the Security Trustee may not act on behalf of the Seller.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Security Trustee is of the opinion that the interests of the Covered Bondholders of any one or more Series would be materially prejudiced thereby, the Security Trustee shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of at least 20 per cent. of the Sterling Equivalent of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

G MACROECONOMIC AND MARKET RISKS

6. Macroeconomic and Market Risks

6.1 ***Absence of secondary market***

No assurance is provided that there is an active and liquid secondary market for the Covered Bonds, and no assurance is provided that a secondary market for the Covered Bonds will develop. None of the Covered Bonds or the Covered Bond Guarantee has been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under *Subscription and Sale and Transfer and Selling Restrictions.* To the extent that a secondary market exists or develops, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Consequently, a Covered Bondholder must be able to bear the economic risk of an investment in a Covered Bond for an indefinite period of time.

6.2 ***The market in relation to risk free rates (including overnight rates) as reference rates is subject to change and development***

Where the applicable Final Terms or Pricing Supplement, as applicable, identifies the Rate of Interest for such Covered Bonds will be determined by reference to SOFR, SONIA, BBSW Rate, SARON or €STR, the Rate of Interest will be determined on the basis of SARON Compounded Index, Compounded Daily SOFR, Average SOFR, Compounded Daily SONIA, BBSW Rate, SARON or €STR, as applicable (each as defined in the Conditions). All such rates are based on 'overnight rates'. SARON Compounded Index, Compounded Daily SOFR, Average SOFR, Compounded Daily SONIA, BBSW Rate, SARON or €STR differ from interbank offered rates (**IBORs**) or EURIBOR in a number of material respects, including (without limitation) that SARON Compounded Index, Compounded Daily SOFR, Average SOFR, Compounded Daily SONIA, BBSW Rate, SARON or €STR are backwards-looking, risk-free overnight rates, whereas IBORs are expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that overnight rates may behave

materially differently as interest reference rates for Covered Bonds issued under the Programme described in this Base Prospectus compared to IBORs. The use of overnight rates as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such overnight rates.

Accordingly, prospective investors in any Covered Bonds referencing SOFR, SONIA, BBSW Rate, SARON or €STR should be aware that the market in relation to SOFR, SONIA, BBSW Rate, SARON or €STR as reference rates in the capital markets is subject to change and development, and their adoption as alternatives to IBORs and EURIBOR, respectively. For example, in the context of backwards-looking SOFR, SONIA, BBSW Rate, SARON or €STR rates, market participants and relevant working groups are currently assessing the differences between compounded rates and weighted average rates, and such groups are also exploring alternative reference rates based on SOFR, SONIA, BBSW Rate, SARON or €STR, including forward-looking 'term' SOFR, SONIA, BBSW Rate, SARON or €STR reference rates (which seek to measure the market's forward expectation of an average SOFR, SONIA, BBSW Rate, SARON or €STR rate over a designated term). The adoption of SOFR, SONIA, BBSW Rate, SARON or €STR may also see component inputs into swap rates or other composite rates transferring from IBORs, EURIBOR or another reference rate to SOFR, SONIA, BBSW Rate, SARON or €STR, as applicable.

The market or a significant part thereof may adopt an application of SOFR, SONIA, BBSW Rate, SARON or €STR that differs significantly from that set out in the Conditions of the Covered Bonds that reference a SOFR, SONIA, BBSW Rate, SARON or €STR rate issued under this Base Prospectus. Furthermore, the Issuer may in future issue Covered Bonds referencing SOFR, SONIA, BBSW Rate, SARON or €STR that differ materially in terms of interest determination when compared with any previous SOFR, SONIA, BBSW Rate, SARON or €STR-referenced Covered Bonds issued by it. The nascent development of SOFR, SONIA, BBSW Rate, SARON or €STR as interest reference rates for the Eurobond markets, as well as continued development of SOFR, SONIA, BBSW Rate, SARON or €STR based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SOFR, SONIA, BBSW Rate, SARON or €STR referenced Covered Bonds issued from time to time.

It may be difficult for investors in Covered Bonds which reference SOFR, SONIA, BBSW Rate, SARON or €STR to estimate reliably the amount of interest which will be payable on such Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which could adversely impact the liquidity of such Covered Bonds. Further, if the Floating Rate Covered Bonds become due and payable under Condition 9 (*Events of Default and Enforcement*) the Rate of Interest payable shall be determined on the date the Covered Bonds became due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Covered Bonds

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

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

6.3 ***Eligibility of the Covered Bonds for central bank schemes is subject to the applicable collateral framework criteria and could have an impact on the liquidity of the Covered Bonds in general***

Whilst central bank schemes (such as the Bank of England's (**BoE**) Discount Window Facility, the Indexed Long-Term Repo Facility and other schemes under its Sterling Monetary Framework, and the Eurosystem monetary policy framework for the European Central Bank), provide an important source of liquidity in respect of eligible securities, relevant eligibility criteria for eligible collateral apply (and will apply in the future) under such schemes and liquidity operations. Investors should make their own conclusions and seek their own advice with respect to whether or not the Covered Bonds constitute eligible collateral for the purposes of any of the central bank liquidity schemes, including whether and how such eligibility may be impacted by the UK withdrawal from the EU and the UK no longer being

part of the EEA. No assurance is given that any Covered Bonds will be eligible for any specific central bank liquidity schemes.

If the Covered Bonds cannot meet the central bank eligibility, it may impact on the liquidity of the Covered Bonds and could have an adverse effect on their value.

H LEGAL AND REGULATORY RISKS

7. Legal and Regulatory Risks

7.1 ***Changes of law***

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on English law and, in relation to the Scottish Loans, Scots law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or Scots law or administrative practice in the UK after the date of this Prospectus.

A range of legislative and regulatory changes have been made or proposed which could materially adversely affect the Issuer's business, results, financial condition or prospects. Future changes in regulation, fiscal or other policies are unpredictable and beyond the Issuer's control and could materially adversely affect the Issuer's business or operations.

FSMA 2023

Following a consultation on the optimal structure for UK financial services post-Brexit under the previous UK government, the Financial Services and Markets Act 2023 (**FSMA 2023**) received Royal Assent on 29 June 2023. FSMA 2023 establishes a framework to revoke EU law relating to financial services, and enables HM Treasury, the FCA and PRA to replace it with legislation and a regulatory rule set to deliver a comprehensive FSMA model of regulation. The approach enabled under FSMA 2023 aligns with the historic approach taken under FSMA, whereby primary responsibility for regulation is delegated to the UK regulatory authorities, subject to the oversight of Parliament.

FSMA 2023 also provides the FCA new powers to protect access to cash. In May 2024, HM Treasury announced the designation of the large banks and building societies which will be subject to the FCA's new access to cash regime. In July 2024, the FCA finalised new rules and published an accompanying policy statement (PS24/8) on 'Access to cash' which contained new rules to maintain reasonable access to cash for personal and business customers across the UK. The rules came into force on 18 September 2024.

The Retained EU Law (Revocation and Reform) Act 2023 (the **REUL Act**), which also received royal assent on 29 June 2023, establishes a further framework for the repeal of retained EU law and provides for the abolition of the supremacy of retained EU law and general principles of EU law interpretation. This will end the special status that retained EU law (including relating to financial services) has on the UK statute book. The REUL Act also changed the name and status of retained EU law - which becomes "assimilated law" in the UK.

In July 2023 HMT began to set out its programme of secondary legislation to replace repealed retained EU law. The current UK government (elected following the general election in July 2024) has taken various steps in furtherance of this repeal and replace process.

In November 2024, HMT issued a call for evidence on a new "Financial Services Growth & Competitiveness Strategy". Subsequently, in March 2025, it published a policy paper titled "A new approach to ensure regulators and regulation support growth", later updated in October 2025 with a focus on three key themes: tackling the complexity and burden of regulation, reducing uncertainty across our regulatory system and challenging risk aversion. Each of these could result in further changes to UK regulation. On 15 July 2025, HMT published the full Financial Services Growth & Competitiveness Strategy, a ten-year plan which announced a package of reforms including streamlining the Senior Managers and Certification Regime and reform of the Financial Ombudsman Service. The implementation of these and related initiatives could result in further changes to UK regulation.

Other legal and regulatory changes

A range of other legislative and regulatory changes have been made or proposed which could impose operational restrictions on the Issuer, causing it to raise further capital, increase its expenses and/or otherwise adversely affect its business results, financial condition or prospects. As at the date of this Prospectus it is difficult to predict the full effect that any of these changes and proposals will have on the

Issuer's operations, business and prospects. Furthermore, the Issuer cannot assure investors that any other regulatory or legislative changes or any other Governmental interventions that may have been proposed or which may materialise in the future will not have a material adverse effect on the Issuer's operations, business, results, financial condition or prospects. While the scope and nature of any such changes are unpredictable, any interventions or regulations designed to increase the protections for UK retail and other customers of banks and building societies, for example through stricter regulation on repossessions and forbearance by mortgage lenders, could materially adversely affect the Issuer's business or operations.

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

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

The English Supreme Court held in *Belmont Park Investments Pty Limited v BNY Corporate Trustee Services Ltd and Lehman Brothers Special Financing Inc.* [2011] UKSC 38 (the **Belmont decision**) that a flip clause as described above is valid under English law. Contrary to this, however, a U.S. Bankruptcy Court has held that such a subordination provision is unenforceable in cases under the U.S. Bankruptcy Code and that any action to enforce such provision would violate the certain structures that apply under such law in the case of a U.S. bankruptcy of the creditor. However, a subsequent 2016 decision of a U.S. Bankruptcy Court held that flip clauses are protected under the Bankruptcy code and therefore enforceable on bankruptcy. This decision was affirmed on March 14, 2018 by the U.S. District Court. Nevertheless, the implications of these conflicting judgments are not fully resolved.

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

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

7.3 ***UK EMIR and EU EMIR***

The derivatives markets are subject to extensive regulation in a number of jurisdictions, including in the UK pursuant to Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories as amended and as it forms part of UK domestic law by virtue of the EUWA (**UK EMIR**), and in Europe pursuant to Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central

counterparties and trade repositories as amended (**EU EMIR**). UK EMIR and EU EMIR establish certain requirements for OTC derivatives contracts, including: (i) a mandatory clearing obligation for certain classes of OTC derivative contracts (the **Clearing Obligation**), (ii) margin requirements, daily valuation and other risk mitigation techniques for OTC derivatives contracts not cleared by a central counterparty (the **Risk Mitigation Requirements**) and (iii) certain reporting and record-keeping requirements (the **Reporting Obligations**). In general, the application of such regulatory requirements in respect of the Swap Agreements will depend on the classification of the counterparties to such derivative transactions. Prospective investors should also note that uncertainty remains as to the full impact on the Swap Agreements of ongoing reforms to UK EMIR and EU EMIR.

Under UK EMIR and EU EMIR, counterparties can be classified as (i) financial counterparties (FCs) (which includes a sub-category of small FCs) and (ii) non-financial counterparties (NFCs). The category of "NFC" is further split into: (a) non-financial counterparties above the "clearing threshold" (**NFC+s**), and (b) non-financial counterparties below the "clearing threshold" (**NFC-s**). Whereas FCs and NFC+ entities may be subject to the relevant Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the relevant collateral exchange obligation and the relevant daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities. In addition, in respect of the UK EMIR Reporting Obligation, UK financial counterparties (**UK FCs**) are solely responsible and legally liable for reporting the details of OTC derivative contracts concluded with UK NFC-s on behalf of both counterparties as well as for ensuring the correctness of the reported details (known as **mandatory reporting**). In an EU context, the calculation of the clearing threshold (together with other aspects of EU EMIR) will be impacted by reforms to EU EMIR as a result of EU EMIR 3.0. However, the implementation of changes to the calculation of the clearing threshold is subject to the adoption of secondary in the form of regulatory technical standards (RTS). Final draft RTS have been published but are subject to European Commission endorsement and have not yet entered into force. Accordingly, the current clearing threshold regime continues to apply pending their adoption. On the basis that the LLP is an NFC- for the purposes of UK EMIR and a third country equivalent NFC- under EU EMIR, OTC derivatives contracts that are entered into by the LLP are not subject to the Clearing Obligation or any margining requirements under UK EMIR and EU EMIR.

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

7.4 Impact of change of the LLP's counterparty's status under UK EMIR and EU EMIR

With respect to the impact of UK EMIR and EU EMIR, if the LLP's counterparty status were to change to an NFC+ or FC for the purposes of UK EMIR and/or third country equivalent NFC+ or FC under EU EMIR, this may result in the application of the relevant Clearing Obligation or (more likely) the relevant collateral exchange obligations and the relevant daily valuation obligation under the Risk Mitigation Requirements (the **Margin Obligation**), as it seems unlikely that any of the swap agreements would be a relevant type of OTC derivatives contract that would be subject to the Clearing Obligation under UK EMIR and EU EMIR to date. Certain Risk Mitigation Requirements may also apply in a different way (for example, the portfolio reconciliation requirement may increase in frequency). In respect of the Reporting Obligation, "mandatory reporting" would also cease to apply which means that Issuer would be legally liable and responsible for their own reporting obligations under UK EMIR (although this requirement can be delegated). It should also be noted that the relevant Margin Obligation should not apply in respect of swaps entered into prior to the relevant application date, unless such a swap is materially amended or novated on or after that date. Where the relevant swap counterparty is a UK entity, an exemption from the Clearing Obligation under UK EMIR and a partial exemption in respect of the Margin Obligation under UK EMIR may be available in respect of the Interest Rate Swaps and Covered Bond Swaps, provided that the applicable conditions are satisfied.

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

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

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

7.5 ***Expenses of insolvency officeholders***

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

It is intended that the LLP should be a bankruptcy-remote entity and a provision has been included in the Deed of Charge such that, in certain post-enforcement scenarios, each Secured Creditor agrees in effect that (amongst other things) if it receives certain subordinated amounts in respect of any secured liabilities owed to it other than in accordance with the Post-Enforcement Priority of Payment (referred to under *Cashflows* below) then such amounts will be held on trust for the Security Trustee and paid over to the Security Trustee immediately upon receipt so that such amounts may be applied in accordance with that priority of payments. Notwithstanding such provision there is a risk that, in certain circumstances, the relevant provisions of the RCB Regulations will result in a reduction in the amounts available to pay Covered Bondholders. In particular, it is not possible to bind third parties (such as HMRC) in relation to such subordination provisions.

See also the investment consideration described below under "*Liquidation expenses".*

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

Pursuant to the terms of the Deed of Charge, the LLP has purported to grant fixed charges over, amongst other things, its interests in the English Loans and their Related Security, the Substitution Assets and its rights and benefits in the LLP Accounts and all Authorised Investments purchased from time to time.

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the LLP (other than by way of assignment in security) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Property. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. In particular, the expenses of any winding-up or administration, and the claims of any preferential creditors, would rank ahead of the claims of the Security Trustee in this regard. Although, the Enterprise Act 2002 abolished the preferential status of certain Crown debts (including the claims of the UK tax authorities) the United Kingdom government has published draft legislation pursuant to which, if implemented, with effect from 1 December 2020, certain amounts owed to the United Kingdom tax authorities would become secondary preferential debts and rank ahead of the recoveries to floating charge holders. These measures, if implemented, are intended to apply to taxes effectively collected by a business on behalf of customers and employees and would include amounts in respect of VAT, PAYE, employee national insurance contributions and construction industry scheme deductions. In addition, certain employee claims (in respect of contributions to pension schemes and wages) still have preferential status. In this regard, it should be noted that the LLP has agreed in the Transaction Documents not to have any employees, and that (given in particular the

restrictions on its activities to which it has agreed in the Transaction Documents) the LLP should not be required to register for VAT in the United Kingdom, or be subject to the construction industry scheme.

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

7.7 ***English law security and insolvency considerations***

The LLP will enter into the Deed of Charge pursuant to which it will grant the Security in respect of its obligations under the Covered Bond Guarantee (as to which, see *Transaction Documents – Deed of Charge*). In certain circumstances, including the occurrence of certain insolvency (or certain pre-insolvency) events in respect of the LLP, the ability to realise the Security may be delayed and/or the value of the security impaired. In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors from taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of ipso facto clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the **Restructuring Plan**) that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer and the LLP are expected to be exempt from the application the new moratorium regime and the ban on ipso facto clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change. While the transaction structure is designed to minimise the likelihood of the LLP becoming insolvent, there can be no assurance that the LLP will not become insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Covered Bondholders and there can be no assurance that the LLP will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the Covered Bondholders would not be adversely affected by the application of insolvency laws (including English insolvency law or the laws affecting the creditors' rights generally) and, if appropriate, Scottish insolvency laws.

In addition, it should be noted that, to the extent that the assets of the LLP are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of Sections 174A, 176ZA and 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy expenses of the insolvency proceeding, the claims of Secured Creditors under the Deed of Charge may be used to satisfy any claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. While certain of the covenants given by the LLP in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the LLP has any other such creditors at any time. There can be no assurance that the Covered Bondholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

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

7.8 ***Liquidation expenses***

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the

liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency Rules 1986.

It appears that the provisions referred to above apply in respect of limited liability partnerships. On this basis and as a result of the changes described above, in a winding-up of the LLP the floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses (including certain super-priority expenses). There can be no assurance that the Covered Bondholders will not be adversely affected by such a reduction in floating charge realisations.

7.9 ***Limited Liability Partnerships***

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

7.10 ***Pensions Act 2004***

Under the Pensions Act 2004 (as amended), the Pensions Regulator has the power to issue those persons who are 'connected' or 'associated' with an employer in a defined benefit occupational pension scheme with a 'contribution notice' or a 'financial support direction'.

A contribution notice will require the target to pay a specified sum into the pension scheme. A financial support direction will require the target to provide support to the pension scheme whether by way of a cash contribution or other means, such as a guarantee.

The LLP may be treated as connected or associated to one or more employers under an occupational pension scheme which is within Lloyds Bank Group. As such it may be within the scope of the powers of the Pensions Regulator to issue a contribution notice or financial support direction.

A contribution notice could be served on the LLP if it was party to an act, or a deliberate failure to act: and either (A) the main purpose or one of the main purposes of which was either (i) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under Section 75 of the Pensions Act 1995 (the **section 75 debt**) or (ii) to prevent such a debt becoming due, to compromise or otherwise settle such a section 75 debt, or to reduce the amount of such a debt which would otherwise become due or (B) in the opinion of the Pensions Regulator it has detrimentally affected in a material way the likelihood of accrued scheme benefits being received or (C) the act or failure to act has materially reduced the amount of any section 75 debt due from the employer that a defined benefit scheme could have recovered if a section 75 debt had been triggered immediately after the act or failure to act, or (D) the act or failure to act has reduced the value of the employer's resources and this reduction is material relative to a defined benefit scheme's estimated section 75 debt. A contribution notice can only be served where the Pensions Regulator considers it is reasonable to do so, having regard to a number of factors.

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

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

The Pension Schemes Act 2021, the relevant provisions of which came into force on 1 October 2021 made (among others) the following changes to, the Pensions Act 2004.

Firstly it made it a criminal offence to fail to comply with a contribution notice. This is punishable by an unlimited fine or a civil penalty of up to £1 million.

Secondly it introduced two standalone criminal offences in relation to defined benefit pension schemes. The first offence is where a person does an act or engages in a course of conduct, or a failure to act, which (i) prevents the pension scheme from recovering a debt due from the employer under Section 75 of the Pensions Act 1995, (ii) prevents a Section 75 debt becoming due, (iii) compromises or settles a Section 75 debt, or (iv) reduces the amount of any Section 75 debt which would otherwise become due. The person must have intended that their action would have this effect and must not have had a reasonable excuse for doing the act or engaging in the course of conduct or failure to act.

The second offence is committed where a person does an act or engages in a course of conduct, or a failure to act, which detrimentally affects in a material way the likelihood of accrued scheme benefits being received. The person must have known, or ought to have known, that their actions or failure to act would have such an effect and must not have had a reasonable excuse for doing the act or engaging in the course of conduct or failure to act.

Any person who carries out an act, or any failure by such person to act, which comes within the scope of the above offences will be at risk of criminal prosecution, in respect of which the penalty is a maximum custodial sentence of up to 7 years and/or an unlimited fine. There is also a risk of a civil penalty of up to £1 million for similar conduct.

As these offences apply to any "person" involved with the activity in question, the LLP could be caught by the new offences or civil penalties if they were involved in any act or failure to act which constituted an offence.

If the criminal or civil action is taken against the LLP this could adversely affect the interests of the Covered Bondholders.

7.11 ***Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or liquidity associated with a holding of the Covered Bonds for certain investors***

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

In particular, it should be noted that the Basel Committee on Banking Supervision (**BCBS**) has approved a series of significant changes to the Basel regulatory capital and liquidity framework following the financial crisis of 2008/2009 (such changes are collectively referred to as "**Basel III**" in respect of reforms finalised prior to 7 December 2017 and "**Basel IV**" or "**Basel 3.1**" in respect of reforms finalised on or following that date), including additional capital requirements, higher capital ratios, more stringent eligibility requirements for capital instruments, a new leverage ratio and liquidity requirements. The original components of the Basel III reform package were implemented in the EEA, which at the time included in the UK, through the EU CRR and Directive 2013/36/EU (the Capital Requirements Directive or the "**CRD IV"**), which were onshored in the UK by virtue of the EUWA.

The BCBS released a statement on 3 October 2023 which shows good progress among member states in implementing Basel III standards. However, as implementation of Basel III requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the framework of Directive 2009/138/EC as amended (**Solvency II**) in Europe and the UK.

For further information on the new covered bond directive which replaces Article 52(4) of the UCITS Directive and the regulatory treatment of the Covered Bonds, see the risk factor "*Harmonisation of the*

EU Covered Bond framework". In the UK, work is ongoing to implement the Basel IV reforms, with the implementation of certain of the reforms being delayed initially due to the Covid-19 pandemic and subsequently to allow for greater clarity around plans for implementation of Basel 3.1 in the United States. The PRA published a consultation paper on 30 November 2022 (CP 16/22) on its proposals to implement the Basel IV reforms (which the PRA refers to as Basel 3.1) in the UK, which, among other things, proposed changes relating to the reliance on external credit ratings, a floor for the use of internal models, and a stricter delineation between the banking and trading books. This was followed on 12 December 2023 and 12 September 2024 by two policy statements (PS17/23 and PS9/24 respectively). On 20 January 2026, the PRA published its final policy statement (PS1/26), which finalised the near-final rules set out in PS17/23 and PS9/24, without substantive changes. The Basel 3.1 rules will take effect for the most part on 1 January 2027, with a transitional period running until 1 January 2030. In the final rules, the PRA confirmed that it would introduce changes to the risk weight treatment that applies to certain covered bonds. Should covered bonds meet the definition of a "CRR covered bond" (CRR covered bonds are, among other things, issued by a credit institution with its registered office in the UK) and be secured by exposures which meet the collateral eligibility criteria (including additional requirements for immovable property collateral), they may qualify for lower risk weighting. Separately, the PRA has finalised the restatement of UK CRR provisions into the PRA Rulebook and other policy material (PS3/26), including provisions relevant to the prudential treatment of covered bonds. As a result, the regulatory framework governing the capital treatment of CRR covered bonds will be set out in PRA rules rather than assimilated EU law.

In the EU, the European Commission's proposals to implement the Basel IV standards, also referred to as "Banking Package", were formally adopted by the Council of the EU on 30 May 2024 under Regulation (EU) 2024/1623 (**CRR III**). The standards were implemented in the EU with effect from 1 January 2025 (to be followed by the five-year transitional period and with a partial delay for the implementation of certain provisions until 1 January 2027).

In addition, preferential regulatory treatment under Article 129 of the EU CRR is no longer available in respect of the Covered Bonds after 31 December 2020, the point at which the UK left the EU and is no longer part of the EEA, noting that Article 129 was onshored into UK domestic law on 31 December 2020 by virtue of the EUWA as part of the UK CRR, and preferential treatment remains available under the UK framework for covered bonds meeting the applicable eligibility criteria. Furthermore, the Covered Bonds will not be grandfathered under the EU covered bond reforms, once these become applicable. The Covered Bonds may be eligible as Level 2A assets under the Commission Delegated Regulation (EU) 2018/1620 (as amended), provided certain equivalence and transparency requirements are met, as to which no assurances are made and prospective investors should therefore make themselves aware of the changes in addition to any other applicable regulatory requirements with respect to their investment in the Covered Bonds.

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

7.12 ***General***

No assurance can be given that additional regulations or guidance from the FCA, the PRA, the Ombudsman, the CMA or any other regulatory authority will not arise with regard to the mortgage market in the UK generally, the Originator's particular sector in that market or specifically in relation to the Originator.

Any such action or developments could lead to increased compliance costs and a potential increase in civil litigation or claims to the Ombudsman by customers alleging breach of any new or additional regulations or guidance which may have a material adverse effect on the Loans, the Originator, the LLP, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the ability of the LLP to dispose of the Portfolio or any part thereof in a timely manner and/or the realisable value of the Portfolio or any part thereof and accordingly affect the ability of the LLP to meet its obligations under the Covered Bond Guarantee when due.

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without receipts, interest coupons and/or talons attached, or registered form, without receipts, interest coupons and/or talons attached. Bearer Covered Bonds and A$ Registered Covered Bonds will be issued outside the U.S. to non-U.S. Persons in reliance on Regulation S and Registered Covered Bonds may be issued both outside the U.S. in reliance on Regulation S and within the U.S. or to, or for the account or benefit of, QIBs in reliance on Rule 144A under the Securities Act.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without receipts and interest coupons attached (a **Temporary Global Covered Bond**) which will:

(i) if the Bearer Global Covered Bonds (as defined below) are issued in new global covered bond (**NGCB**) form, as stated in the applicable Final Terms or Pricing Supplement, be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A.(**Clearstream, Luxembourg**); and

(ii) if the Bearer Global Covered Bonds are not issued in NGCB form, be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation at the specified office of the Principal Paying Agent of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not issued in NGCB form) only to the extent that certification (in a form to be provided by Euroclear and/or Clearstream, Luxembourg) to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date which is 40 days after a Temporary Global Covered Bond is issued (the **Exchange Date**), interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a permanent global covered bond without receipts and interest coupons attached (a **Permanent Global Covered Bond** and, together with the Temporary Global Covered Bonds, the **Bearer Global Covered Bonds** and each a **Bearer Global Covered Bond**) of the same Series or (b) for Bearer Definitive Covered Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms or Pricing Supplement and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms or Pricing Supplement), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. Purchasers in the U.S. and certain U.S. persons will not be able to receive Bearer Definitive Covered Bonds or interests in the Permanent Global Covered Bond. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender at the specified office of the Principal Paying Agent (as the case may be) of the Permanent Global Covered Bond (if the Permanent Global Covered Bond is not issued in NGCB form) without any requirement for certification.

The applicable Final Terms or Pricing Supplement will specify that a Permanent Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, receipts, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that 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. The Issuer will promptly give notice to Covered Bondholders of each Series of Bearer Global Covered Bonds in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Bearer Global Covered Bonds, Bearer Definitive Covered Bonds and any Coupons, Talons or Receipts attached thereto will be issued pursuant to the Agency Agreement.

The following legend will appear on all Permanent Global Covered Bonds and Bearer Definitive Covered Bonds that have an original maturity of more than one year and on all receipts and interest coupons relating to such Permanent Global Covered Bonds and Bearer Definitive Covered Bonds:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale or other disposition in respect of such Bearer Covered Bonds, receipts or interest coupons.

Covered Bonds which are represented by a Bearer Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Covered Bonds

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S will initially be represented by a global covered bond in registered form (a **Regulation S Global Covered Bond**). Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Covered Bonds, beneficial interests in a Regulation S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Covered Bonds and A$ Registered Covered Bonds*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer (see *Subscription and Sale and Transfer and Selling Restrictions*).

The Registered Covered Bonds of each Tranche offered and sold in the U.S. or to U.S. persons will only be offered and sold in private transactions to QIBs who agree to purchase the Covered Bonds for their own account (or for the account or benefit of other QIBs) and not with a view to the distribution thereof.

The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a global covered bond in registered form (a **Rule 144A Global Covered Bond** and, together with a Regulation S Global Covered Bond, the **Registered Global Covered Bonds**).

Registered Global Covered Bonds will either (i) be deposited with a custodian for DTC, and registered in the name of DTC or its nominee or (ii) be deposited with the Common Depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms or Pricing Supplement. In the case of a Regulation S Global Covered Bond registered in the name of a nominee of DTC, prior to the end of the distribution compliance period (as defined in Regulation S) applicable to the Covered Bonds represented by such Regulation S Global Covered Bond, interests in such Regulation S Global Covered Bond may only be held through the accounts of Euroclear and Clearstream, Luxembourg. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system, such as DTC. Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Covered Bonds in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register on the relevant Record Date (as defined in Condition 5.4 (*Payments in respect of Registered Covered Bonds*)) as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the LLP, the Bond Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5.4 (*Payments in respect of Registered Covered Bonds*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (a) in the case of a Registered

Global Covered Bond registered in the name of DTC or its nominee, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act or (b) in the case of a Registered Global Covered Bond registered in the name of the Common Depositary or its nominee, 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. The Issuer will promptly give notice to Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) or the Bond Trustee may 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.

Rule 144A Covered Bonds will be issued only in minimum denominations of U.S.$200,000 (and no less than the equivalent of €100,000) and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

A$ Registered Covered Bonds

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

Entry of the name of the holder in the A$ Register in respect of an A$ Registered Covered Bond constitutes the obtaining or passing of title and is conclusive evidence that the person entered is the registered holder of the A$ Registered Covered Bonds. A$ Registered Covered Bonds which are held in the Austraclear System will be registered in the name of Austraclear Ltd (ABN 94 002 060 773). No certificate or other evidence of title will be issued to holders of the A$ Registered Covered Bonds unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law or regulation.

Transfer of Interests

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Covered Bond with written certification from the transferor in accordance with the provisions of the Agency Agreement. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

Transfers of interest in A$ Registered Covered Bonds held in the Austraclear System may be conducted only in accordance with Austraclear Regulations and the Australian Deed Poll.

Registered Covered Bonds and A$ Registered Covered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see *Subscription and Sale and Transfer and Selling Restrictions*.

General

Pursuant to the Agency Agreement (as defined under *Terms and Conditions of the Covered Bonds*), the Principal Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS number assigned to Covered Bonds of any other Tranche of the same Series until at least the Exchange Date applicable to the Covered Bonds of such further Tranche.

Any reference herein to DTC, Euroclear, Clearstream, Luxembourg and/or the Austraclear System shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or additional or alternative clearing system specified in the applicable Final Terms or Pricing Supplement or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

No Covered Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer, or the LLP unless the Bond Trustee or, as the case may be, the Security Trustee, having become so bound to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer may agree with any Dealer that Covered Bonds may be issued in a form not contemplated by the Terms and the Conditions of the Covered Bonds, in which case (if such Covered Bonds are intended to be listed) a new

Prospectus will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

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

Any potential investor in the Covered Bonds should make their own conclusions and seek their own advice with respect to whether or not such Covered Bonds constitute Eurosystem eligible collateral.

FORM OF FINAL TERMS

[Date]

Lloyds Bank plc

Legal entity identifier (LEI): H7FNTJ4851HG0EXQ1Z70

Issue of Regulated [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds] irrevocably and unconditionally guaranteed as to payment of principal and interest by Lloyds Bank Covered Bonds LLP under the €[60] billion Global Covered Bond Programme

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

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No. 600/2014 as amended and as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **UK distributor**) should take into consideration the manufacturers' target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

IMPORTANT - PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Covered Bonds are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 as amended (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making the Covered Bonds available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making the Covered Bonds available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time (the **EUWA**); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 (the **POATRs**). Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (**DISC**) for offering, selling or distributing the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Covered Bonds or otherwise making them available to any retail investor in

the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

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

[SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Covered Bonds are ['prescribed capital markets products'] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Product).][1]

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Terms and Conditions**) set forth in the prospectus dated [●] which constitute[s] a base prospectus (the **Prospectus**) for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (**the PRM**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of the PRM and must be read in conjunction with such Prospectus in order to obtain all the relevant information. Copies of the Prospectus [and the supplemental Prospectus dated [**date**]] [is] [are] published on the website of the London Stock Exchange and available for viewing at [**address**] [and] [**website**] and copies may be obtained during normal business hours from Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN and have been published on the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-andnews/news/market-news/market-news-home.html.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Terms and Conditions**) set forth in the prospectus dated [●] which are incorporated by reference into the Prospectus dated [●] which constitute[s] a base prospectus (the **Prospectus**) for the the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (**the PRM**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of the PRM and must be read in conjunction with the Prospectus in order to obtain all the relevant information. Copies of the Prospectus dated [**current date**] [and the supplemental Prospectus dated [**date**]] are available for viewing at [**address**] [and] [**website**] and copies may be obtained during normal business hours from Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN and have been published on the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-andnews/news/market-news/market-news-home.html.]

1.	(i)	Issuer:	Lloyds Bank plc
	(ii)	LLP:	Lloyds Bank Covered Bonds LLP
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]

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

	(iii)	Date on which the Covered Bonds will be consolidated and form a single Series:	[The Covered Bonds will be consolidated and form a single Series with [●] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, which is expected to occur on or about [●]]/[Not Applicable]
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount of Covered Bonds admitted to trading:		[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5.	Issue Price:		[●] per cent. of the aggregate nominal amount [plus accrued interest from [●]
6.	(i)	Specified Denominations:	[●]/ [€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000]]/ At least [$200,000 (and no less than the equivalent of €100,000 (or its equivalent in any other currency)) and integral multiples of $1,000 in excess thereof (or the U.S. Dollar equivalent for Rule 144A Covered Bonds issued in a currency other than U.S. Dollars)].
	(ii)	Calculation Amount:	[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]/[Issue Date]/[Not Applicable]
	(iii)	A$ Record Date:	[●]/[Not Applicable]
8.	(i)	Final Maturity Date:	[●]/[Interest Payment Date falling in or nearest to [●]]
	(ii)	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:	[●]/Interest Payment Date falling in or nearest to [●]/[Not Applicable]
9.	Interest Basis:		[[●] per cent. Fixed Rate] [[SOFR]/[SONIA][SARON]/[€STR]//[[●] [[●][EURIBOR]/ [BBSW Rate] [[+/–] [●] per cent.] Floating Rate] [Zero Coupon Covered Bond]
10.	Redemption/Payment Basis:		[]per cent. of the nominal value
11.	Change of Interest or Redemption/Payment Basis:		[●]/[in accordance with paragraphs 15 and 16 below]
12.	Put/Call Options:		[Investor Put Option]/[Issuer Call Option]/[Not Applicable]
13.	[Date [Board] approval for issuance of Covered Bonds and Covered Bond Guarantee obtained:		[●] [and [●], respectively]]
14.	Listing:		London

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Covered Bond Provisions**		[Applicable/Not Applicable]
	(i)	Fixed Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[●] in each year up (provided however that [after the Extension Determination Date, the Interest Payment Date shall be [monthly][quarterly]]), to and including the [Final Maturity Date] [or the [Extended Due for Payment Date, if applicable]]. The first Interest Payment Date shall be [●]
	(iii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(iv)	Business Day(s):	[●]
	(v)	Additional Business Centre(s):	[●]/ [Not Applicable]
	(vi)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(vii)	Initial Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
	(viii)	Final Broken Amount:	[●]
	(ix)	Day Count Fraction:	[●]
	(x)	Determination Dates:	[●] in each year/[Not Applicable]
16.	**Floating Rate Covered Bond Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Date(s):	[●] (provided however that [prior to the Extension Determination Date,][the Specified Interest Payment Date shall be no more frequent than quarterly][, and provided further that] [after the Extension Determination Date, the Specified Interest Payment Date shall be [monthly][quarterly]]). The first Interest Payment Date shall be [●].
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(iii)	Additional Business Centre(s):	[●]/ [Not Applicable]
	(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/Benchmark Rate Determination]
	(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):	[●]/[Australian Calculation Agent]
	(vi)	Screen Rate Determination:	[Applicable – Term Rate/Applicable – Overnight Rate/Not Applicable]
		– Calculation Method	[Average/Compounded Daily] [where Compounded Daily means [●]] [where [●] means [●]]
		– Index Determination:	[Applicable/Not Applicable]
		Insert only if Index Determination is applicable	
		– SONIA Compounded Index:	[Applicable/Not Applicable]
		– SOFR Compounded Index:	[Applicable/Not Applicable]

	– SARON Compounded Index:	[Applicable/Not Applicable]
	– Relevant Decimal Place:	[●]/[As per the Conditions]
	– Relevant Number:	[●]/[As per the Conditions][2]
	– Numerator:	[●]/[As per the Conditions]
	Insert only if Index Determination is not applicable	
	– Reference Rate:	[SOFR]/[SONIA][SARON]/[€STR]/[[●]-month] [[●]/[EURIBOR]
	– Relevant Financial Centre:	[London/Brussels/Stockholm/Hong Kong/Singapore/Tokyo/New York/Luxembourg/Frankfurt]
	– Interest Determination Date(s):	[[●] [T2/[●]] Business Days [in [●]] prior to the [●] day in each Interest Accrual Period/each Interest Payment Date][[●] Business Day prior to the end of each Interest Accrual Period] [●]
	– Relevant Screen Page:	[[●]/Not Applicable]
	– Relevant Time:	[●] / [Not Applicable] / [unless otherwise agreed with [the Designated Transaction Representative / the Principal Paying Agent], (being no later than [●] p.m. (New York City time) on the day that is [5]/[●] [London Banking Days] / [U.S. Government Securities Business Days] preceding the date of such determination)
	– Observation Method:	[Lag/ Observation Shift/Not Applicable]
	– Observation Look-back Period:	[[●]/Not Applicable]
	– Lag Look-back Period:	[[●]/Not Applicable]
	– D:	[365/360][●]
(vii)	ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]/[Not Applicable]3
	– Reset Date:	[●]
	– Compounding:	[Not Applicable] [Compounding with Look-back] – [Lookback: [●] Applicable Business Days] [Compounding with Observation Period Shift] – [Set-in-Advance: [Applicable][Not Applicable]] – [Observation Period Shift: [●] Observation Period Shift Business Days] – [Observation Period Shift Additional Business Days: [[●]/Not Applicable] [Compounding with Lockout]

[2] [2] This should be a number that is five or greater where SONIA Compounded Index or SARON Compounded Index is applicable and two or greater where SOFR Compounded Index is applicable.

[3] Where the applicable Reference Rate is an overnight rate, choose the "Not Applicable" option.

			– [Lock-out: [●] Lockout Period Business Days]
			– [[Lock-out Period Business Days: [●] [Applicable Business Days]]
			[OIS Compounding]]
		– ISDA Definitions:	[2006]/[2021]/[●]
	(viii)	Benchmark Rate Determination:	[Applicable/Not Applicable]
		– BBSW Rate:	As per Condition 4.2(c)
	(ix)	Margin(s):	[+/–][●] per cent. per annum
	(x)	Minimum Rate of Interest:	[●] per cent. per annum
	(xi)	Maximum Rate of Interest:	[●] per cent. per annum
	(xii)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 360/360 30E/360 Eurobond Basis 30/360 (ISDA) RBA Bond Basis or Australian Bond Basis]
17.	**Zero Coupon Covered Bond Provisions**		[Applicable/Not Applicable]
	Accrual Yield:		[●] per cent. per annum
	Reference Price:		[●]
	(i)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(ii)	Business Day(s):	[●]
		Additional Business Centre(s):	[●]/ [Not Applicable]
	(iii)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) and 6.7(b) (*Early Redemption Amounts*) apply]
PROVISIONS RELATING TO REDEMPTION			
18.	**Issuer Call Option**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	If redeemable in part:	
	(iv)	Minimum Redemption Amount:	[●]
	(v)	Maximum Redemption Amount:	[●]
19.	**Investor Put Option**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]

	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
20.	**Final Redemption Amount**	[Nominal Amount/[●] per Calculation Amount]
21.	**Early Redemption Amount**	
	Early Redemption Amount(s) payable on redemption for taxation reasons or on acceleration following an Issuer Event of Default or an LLP Event of Default:	[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	**Form of Covered Bonds**	[Bearer Covered Bonds: [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds in definitive form after an Exchange Event [Temporary Global Covered Bond exchangeable for Bearer Definitive Covered Bonds only after an Exchange Event] [Permanent Global Covered Bond exchangeable for Bearer Definitive Covered Bonds after an Exchange Event [Registered Covered Bonds: [Regulation S Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [[DTC/ a common depositary for Euroclear and Clearstream, Luxembourg]] (that is held under the New Safekeeping Structure /Rule 144A Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] [A$ Registered Covered Bond [registered in the name of Austraclear in the Austraclear System]/[●].]
23.	New Global Covered Bond:	[Yes][No]
24.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable]
25.	Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature):	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupons payments are still to be made /No.]
26.	Details relating to Instalment Covered Bonds:	
	Instalment Amount(s):	[Not Applicable/●]
	Instalment Date(s):	[Not Applicable/●]

27.	Redenomination:	[Not Applicable/The provisions in Condition [●] apply]

Signed on behalf of Lloyds Bank plc	Signed on behalf of Lloyds Bank Covered Bonds LLP
By:	By:
Duly authorised	Duly authorised

PART B — OTHER INFORMATION

1. **LISTING**

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

2. **RATINGS**

Ratings:	The Covered Bonds to be issued have been initially rated: Fitch: [●] (endorsed by Fitch Ratings Ireland Limited) Moody's: [●] (endorsed by Moody's Deutschland GmbH) *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]* *(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

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

[Save as discussed in "*Subscription and Sale and Transfer and Selling Restrictions*", so far as the Issuer and LLP are aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with and may perform other services for the Issuer and/or the LLP and/or it or their affiliates in the ordinary course of business.]

4. **OPERATIONAL INFORMATION:**

(i)	ISIN:	[●]
(ii)	Common Code:	[●]
(iii)	CFI Code:	[[●], [as updated,][as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[[●], [as updated,][as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	[(Insert here any other relevant codes such as CUSIP AND CINS codes):	[Not Applicable/give name(s) and number(s)]
(vi)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société	[Not Applicable/Austraclear Limited, Level 4, 20 Bridge St, Sydney NSW 2000/[●][insert address]]

	anonyme and the relevant identification number(s):	
(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for Registered Covered Bonds] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for Registered Covered Bonds]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
5.	**YIELD (Fixed Rate Covered Bonds only)**	[●]
	Indication of yield:	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6.	**RELEVANT BENCHMARKS**	[[*Specify benchmark*] is provided by [*administrator legal name*]]. As at the date hereof, [*administrator legal name*] [appears] / [does not appear] in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 of the UK Benchmark Regulation] / [As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the UK Benchmark Regulation] / [Not Applicable].
7.	**REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**	
(i)	Reasons for the offer	[See ["Use of Proceeds"] in the Prospectus/*Give details*]] (*See ["Use of Proceeds"] wording in* Prospectus – *if reasons for offer different from what is disclosed in the Prospectus, give details*.)
(ii)	Estimated net proceeds:	[●] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)

(iii)	Estimated total expenses:		[●] [*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses"*.]

8. **DISTRIBUTION**

(i)	Method of Distribution:		[Syndicated/Non-syndicated]
(ii)	If syndicated:		[●]
	(a)	Names of Dealers:	[●]
	(b)	Stabilising Manager(s) (if any):	[Not Applicable/[●]]
(iii)	Date of [Subscription] Agreement:		[●]
(iv)	If non-syndicated, name of Dealer:		[●]
(v)	U.S. Selling Restrictions:		[Rule 144A/Reg144A/ Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA Not Applicable]
(vi)	Prohibition of Sales to EEA Retail Investors.		Applicable
(vii)	Prohibition of Sales to UK Retail Investors.		Applicable

FORM OF PRICING SUPPLEMENT

[Date]

Lloyds Bank plc

Legal entity identifier (LEI): H7FNTJ4851HG0EXQ1Z70

Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds] irrevocably and unconditionally guaranteed as to payment of principal and interest by Lloyds Bank Covered Bonds LLP under the €[60] billion Global Covered Bond Programme

No prospectus is required in accordance with the PRM, for the issue of the PR Exempt Covered Bonds described herein. The FCA acting under Part VI of FSMA has neither approved nor reviewed information contained in this Pricing Supplement.

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

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No. 600/2014 as amended and as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **UK distributor**) should take into consideration the manufacturers' target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

IMPORTANT - PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Covered Bonds are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 as amended (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making the Covered Bonds available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making the Covered Bonds available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time (the **EUWA**); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 (the **POATRs**). Consequently, no disclosure

document required by the FCA Product Disclosure Sourcebook (**DISC**) for offering, selling or distributing the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

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

[SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION: : In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Covered Bonds are ['prescribed capital markets products'] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Product).][4]

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Terms and Conditions**) set forth in the prospectus dated [●] which constitute[s] a base prospectus (the **Prospectus**) for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the **PRM**). This document constitutes the Pricing Supplement of the PR Exempt Covered Bonds described herein for the purposes and must be read in conjunction with such Prospectus [as so supplemented] in order to obtain all the relevant information. Copies of the Prospectus [and the supplemental Prospectus dated [*date*]] [is] [are] published on the website of the Issuer https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Terms and Conditions**) set forth in the prospectus dated [●] which are incorporated by reference into the Prospectus dated [●] which constitute[s] a base prospectus (the **Prospectus**) for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the **PRM**). This document constitutes the Pricing Supplement of the Covered Bonds and must be read in conjunction with the Prospectus dated **/current date/** [and the supplemental Prospectus dated [**date**]] in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the Supplemental Prospectus[es] dated [date[s]]. The Prospectuses [and the supplemental Prospectus[es]] are published on the website of the Issuer https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html.

1.	(i)	Issuer:	Lloyds Bank plc
	(ii)	LLP:	Lloyds Bank Covered Bonds LLP
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]

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

	(iii)	Date on which the Covered Bonds will be consolidated and form a single Series:	[The Covered Bonds will be consolidated and form a single Series with [●] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, which is expected to occur on or about [●]]/[Not Applicable]
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount of Covered Bonds admitted to trading:		[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5.	Issue Price:		[●] per cent. of the aggregate nominal amount [plus accrued interest from [●]
6.	(i)	Specified Denominations:	[●]/ [€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000]]/ At least [$200,000 (and no less than the equivalent of €100,000 (or its equivalent in any other currency)) and integral multiples of $1,000 in excess thereof (or the U.S. Dollar equivalent for Rule 144A Covered Bonds issued in a currency other than U.S. Dollars)].
	(ii)	Calculation Amount:	[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]/[Issue Date]/[Not Applicable]
	(iii)	A$ Record Date:	[●]/[Not Applicable]
8.	(i)	Final Maturity Date:	[●]/[Interest Payment Date falling in or nearest to [●]]
	(ii)	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:	[●]/Interest Payment Date falling in or nearest to [●]/[Not Applicable]
9.	Interest Basis:		[[●] per cent. Fixed Rate] [[SOFR]/[SONIA][SARON]/[€STR]//[[●] [[●][EURIBOR]/ [BBSW Rate] [[+/–] [●] per cent.] Floating Rate] [Zero Coupon Covered Bond]
10.	Redemption/Payment Basis:		[]per cent. of the nominal value
11.	Change of Interest or Redemption/Payment Basis:		[●]/[in accordance with paragraphs 15 and 16 below]
12.	Put/Call Options:		[Investor Put Option]/[Issuer Call Option]/[Not Applicable]
13.	[Date [Board] approval for issuance of Covered Bonds and Covered Bond Guarantee obtained:		[●] [and [●], respectively]]
14.	Listing:		London

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Covered Bond Provisions**		[Applicable/Not Applicable]
	(i)	[Fixed Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[●] in each year up (provided however that [after the Extension Determination Date, the Interest Payment Date shall be [monthly][quarterly]]), to and including the [Final Maturity Date] [or the [Extended Due for Payment Date, if applicable]]. The first Interest Payment Date shall be [●]
	(iii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(iv)	Business Day(s):	[●]
	(v)	Additional Business Centre(s):	[●]/ [Not Applicable]
	(vi)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(vii)	Initial Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
	(viii)	Final Broken Amount:	[●]
	(ix)	Day Count Fraction:	[●]
	(x)	Determination Dates:	[●] in each year/[Not Applicable]
16.	**Floating Rate Covered Bond Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Date(s):	[●] (provided however that [prior to the Extension Determination Date,][the Specified Interest Payment Date shall be no more frequent than quarterly][, and provided further that] [after the Extension Determination Date, the Specified Interest Payment Date shall be [monthly][quarterly]]). The first Interest Payment Date shall be [●].
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(iii)	Additional Business Centre(s):	[●]/ [Not Applicable]
	(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/Benchmark Rate Determination]
	(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):	[●]/[Australian Calculation Agent]
	(vi)	Screen Rate Determination:	[Applicable – Term Rate/Applicable – Overnight Rate/Not Applicable]
		– Calculation Method	[Average/Compounded Daily] [where Compounded Daily means [●]] [where [●] means [●]]
		– Index Determination:	[Applicable/Not Applicable]
		Insert only if Index Determination is applicable	
		– SONIA Compounded Index:	[Applicable/Not Applicable]
		– SOFR Compounded Index:	[Applicable/Not Applicable]

	– SARON Compounded Index[5]:	[Applicable/Not Applicable]
	– Relevant Decimal Place:	[●]/[As per the Conditions]
	– Relevant Number:	[●]/[As per the Conditions][6]
	– Numerator:	[●]/[As per the Conditions]
	Insert only if Index Determination is not applicable	
	– Reference Rate:	[SOFR]/[SONIA][SARON]/[€STR]/[[●]-month] [[●]/[EURIBOR]
	– Relevant Financial Centre:	[London/Brussels/Stockholm/Hong Kong/Singapore/Tokyo/New York/Luxembourg/Frankfurt]
	– Interest Determination Date(s):	[[●] [T2/[●]] Business Days [in [●]] prior to the [●] day in each Interest Accrual Period/each Interest Payment Date][[●] Business Day prior to the end of each Interest Accrual Period] [●]
	– Relevant Screen Page:	[[●]/Not Applicable]
	– Relevant Time:	[●] / [Not Applicable] / [unless otherwise agreed with [the Designated Transaction Representative / the Principal Paying Agent], (being no later than [●] p.m. (New York City time) on the day that is [5]/[●] [London Banking Days] / [U.S. Government Securities Business Days] preceding the date of such determination)
	– Observation Method:	[Lag/ Observation Shift/Not Applicable]
	– Observation Look-back Period:	[[●]/Not Applicable]
	– Lag Look-back Period:	[[●]/Not Applicable]
	– D:	[365/360][●]
(vii)	ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]/[Not Applicable]7
	– Reset Date:	[●]
	– Compounding:	[Not Applicable] [Compounding with Look-back] – [Look-back: [●] Applicable Business Days] [Compounding with Observation Period Shift] – [Set-in-Advance: [Applicable][Not Applicable]] – [Observation Period Shift: [●] Observation Period Shift Business Days] – [Observation Period Shift Additional Business Days: [[●]/Not Applicable]

5 To be confirmed at the time of issuance if "SARON Compounded Index" can be used for listing on the SIX Swiss Exchange.

6 6 This should be a number that is five or greater where SONIA Compounded Index or SARON Compounded Index is applicable and two or greater where SOFR Compounded Index is applicable.

7 Where the applicable Reference Rate is an overnight rate, choose the "Not Applicable" option.

			[Compounding with Lockout] – [Lock-out: [●] Lock-out Period Business Days] – [[Lock-out Period Business Days: [●] [Applicable Business Days]] [OIS Compounding]]
		– ISDA Definitions:	[2006]/[2021]/[●]
	(viii)	Benchmark Rate Determination:	[Applicable/Not Applicable]
		– BBSW Rate:	As per Condition 4.2(c)
	(ix)	Margin(s):	[+/–][●] per cent. per annum
	(x)	Minimum Rate of Interest:	[●] per cent. per annum
	(xi)	Maximum Rate of Interest:	[●] per cent. per annum
	(xii)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 360/360 30E/360 Eurobond Basis 30/360 (ISDA) RBA Bond Basis or Australian Bond Basis]
17.	**Zero Coupon Covered Bond Provisions**		[Applicable/Not Applicable]
	Accrual Yield:		[●] per cent. per annum
	Reference Price:		[●]
	(i)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(ii)	Business Day(s):	[●]
		Additional Business Centre(s):	[●]/ [Not Applicable]
	(iii)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) and 6.7(b) (*Early Redemption Amounts*) apply]
PROVISIONS RELATING TO REDEMPTION			
18.	**Issuer Call Option**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	If redeemable in part:	
	(iv)	Minimum Redemption Amount:	[●]
	(v)	Maximum Redemption Amount:	[●]
19.	**Investor Put Option**		[Applicable/Not Applicable]

	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
20.	**Final Redemption Amount**		[Nominal Amount/[●] per Calculation Amount]
21.	**Early Redemption Amount**		
	Early Redemption Amount(s) payable on redemption for taxation reasons or on acceleration following an Issuer Event of Default or an LLP Event of Default:		[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	**Form of Covered Bonds**	[Bearer Covered Bonds: [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds in definitive form after an Exchange Event [Temporary Global Covered Bond exchangeable for Bearer Definitive Covered Bonds only after an Exchange Event] [Permanent Global Covered Bond exchangeable for Bearer Definitive Covered Bonds after an Exchange Event [Registered Covered Bonds: [Regulation S Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [[DTC/ a common depositary for Euroclear and Clearstream, Luxembourg]] (that is held under the New Safekeeping Structure /Rule 144A Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] [A$ Registered Covered Bond [registered in the name of Austraclear in the Austraclear System]/[●].]
23.	New Global Covered Bond:	[Yes][No]
24.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable]
25.	Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature):	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupons payments are still to be made /No.]
26.	Details relating to Instalment Covered Bonds:	
	Instalment Amount(s):	[Not Applicable/●]

	Instalment Date(s):	[Not Applicable/●]
27.	Redenomination:	[Not Applicable/The provisions in Condition [●] apply]

Signed on behalf of Lloyds Bank plc	Signed on behalf of Lloyds Bank Covered Bonds LLP
By:	By:
Duly authorised	Duly authorised

PART B — OTHER INFORMATION

1. **LISTING**

(i)	Listing/Admission to trading:	[[•]/None [Listing is required for withholding tax purposes]]. [[Application [has been made/is expected to be made] for the Covered Bonds to be admitted to trading on the [●] with effect from on or about [•].]/[Not Applicable]
(ii)	Estimate of total expenses related to admission to trading:	[●]/[Not Applicable]

2. **RATINGS**

Ratings:	The Covered Bonds to be issued have been initially rated: Fitch: [●] (endorsed by Fitch Ratings Ireland Limited) Moody's: [●] (endorsed by Moody's Deutschland GmbH) *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]* *(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

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

[Save as discussed in "*Subscription and Sale and Transfer and Selling Restrictions*", so far as the Issuer and LLP are aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with and may perform other services for the Issuer and/or the LLP and/or it or their affiliates in the ordinary course of business.]

4. **OPERATIONAL INFORMATION:**

(i)	ISIN:	[●]
(ii)	Common Code:	[●]
(iii)	CFI Code:	[[●], [as updated,][as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[[●], [as updated,][as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	[(Insert here any other relevant codes such as CUSIP AND CINS codes):	[Not Applicable/give name(s) and number(s)]
(vi)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and	[Not Applicable/Austraclear Limited, Level 4, 20 Bridge St, Sydney NSW 2000/[●][insert address]]

	Clearstream Banking, société anonyme and the relevant identification number(s):	
(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for Registered Covered Bonds] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for Registered Covered Bonds]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
5.	**YIELD (Fixed Rate Covered Bonds only)**	[●]
	Indication of yield:	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6.	**RELEVANT BENCHMARKS**	[[*Specify benchmark*] is provided by [*administrator legal name*]]. As at the date hereof, [*administrator legal name*] [appears] / [does not appear] in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 of the UK Benchmark Regulation] / [As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the UK Benchmark Regulation] / [Not Applicable].
7.	**REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**	
(i)	Reasons for the offer	[See ["Use of Proceeds"] in the Prospectus/*Give details*]] (*See ["Use of Proceeds"] wording in* Prospectus – *if reasons for offer different from what is disclosed in the Prospectus, give details*.)
(ii)	Estimated net proceeds:	[●] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If*

proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses: [●]

[*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses"*.]

8. **DISTRIBUTION**

(i) Method of Distribution: [Syndicated/Non-syndicated]

(ii) If syndicated: [●]

(a) Names of Dealers: [●]

(b) Stabilising Manager(s) (if any): [Not Applicable/[●]]

(iii) Date of [Subscription] Agreement: [●]

(iv) If non-syndicated, name of Dealer: [●]

(v) U.S. Selling Restrictions: [Rule 144A/Reg144A/ Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA Not Applicable]

(vi) Prohibition of Sales to EEA Retail Investors. Applicable

(vii) Prohibition of Sales to UK Retail Investors. Applicable

(viii) Singapore Sales to Institutional Investors and Accredited Investors only: [Applicable/Not Applicable]

(If "Not Applicable" is specified, the Covered Bonds may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than to (a) institutional investors (as defined in the SFA), (b) relevant persons (as defined in the SFA) or any person pursuant to Section 275(1A) of the SFA, or (c) any person pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.)

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 and apply to each A$ Registered Covered Bond, Global Covered Bond (as defined below) and each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer 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) or, in the case of PR Exempt Covered Bonds, the applicable Pricing Supplement, will be entered in the A$ Register (as defined below) in respect of each A$ Registered Covered Bond or endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. Reference should be made to "Form of the Covered Bonds" for a description of the content of the Final Terms or the Pricing Supplement, as applicable, 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, in the case of Covered Bonds other than A$ Registered Covered Bonds, a trust deed dated 20 October 2008 (as supplemented by a first supplemental trust deed on 18 December 2008, by a second supplemental trust deed on 11 January 2010, by a third supplemental trust deed on 24 June 2010, a fourth supplemental trust deed on 12 August 2010, a fifth supplemental trust deed on 8 November 2010, a sixth supplemental trust deed on 7 June 2013, a seventh supplemental trust deed on 22 July 2013, an eighth supplemental trust deed dated 7 April 2014, a ninth supplemental trust deed dated 1 April 2016, a tenth supplemental trust deed dated 30 March 2017, as supplemented by an eleventh supplemental trust deed dated 17 April 2018, as supplemented by a twelfth supplemental trust deed dated 1 August 2018), as supplemented by a thirteenth supplemental trust deed dated 8 May 2019), as supplemented by a fourteenth supplemental trust deed dated on or about 18 May 2020, as supplemented by a fifteenth supplemental trust deed dated on or about 2 July 2021), as supplemented by a sixteenth supplemental trust deed dated on or about 29 October 2021, as supplemented by a seventeenth supplemental trust deed dated on or about 3 August 2023, as supplemented by an eighteenth supplemental trust deed dated on or about 4 August 2026 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 Lloyds Bank plc (the **Issuer**), Lloyds Bank Covered Bonds LLP (the **LLP**) and BNY Mellon Corporate Trustee Services 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). A$ Registered Covered Bonds are constituted by a deed poll dated 8 May 2019 made by the Issuer (such deed poll as modified and/or supplemented and/or restated from time to time, the **Australian Deed Poll**) in favour of The Bank of New York Mellon, London Branch (the **Australian Bond Trustee**) and the Covered Bondholders in respect of A$ Registered Covered Bonds. These Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge and the Agency Agreement, which includes (amongst other things) the form of the Bearer Covered Bonds, Receipts, Coupons and Talons referred to below and, in the case of A$ Registered Covered Bonds, the Australian Deed Poll.

An Agency Agreement dated 20 October 2008 as amended and restated on 8 November 2010, 7 June 2013, 7 April 2014, 19 June 2015, 1 April 2016, 17 April 2018, 8 May 2019, 18 May 2020, 2 July 2021, 3 August 2023, 8 August 2024 and on or about 4 August 2026 (as modified and/or supplemented and/or restated from time to time, including as supplemented by the Australian Agency Agreement (as defined below)) the **Agency Agreement**) has been entered into in relation to the Covered Bonds between the Issuer, the LLP, the Bond Trustee, the Security Trustee, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and The Bank of New York Mellon, London Branch as principal paying agent and the other agents named in it and supplemented in relation to the A$ Registered Covered Bonds by a supplemental agency agreement dated 8 May 2019 between the Issuer, the LLP and BTA Institutional Services Australia Limited (ABN 48 002 916 396) as paying agent (the **Australian Paying Agent**), as registrar (the **Australian Registrar**) and as calculation agent (the **Australian Calculation Agent**) in relation to the A$ Registered Covered Bonds (as modified and/or restated from time to time, the **Australian Agency Agreement**). The principal paying agent, the paying agents, the registrar, the exchange agents, 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 or, in the case of A$ Registered Covered Bonds, the Australian Paying Agent), the **Registrar**, the **Exchange Agents**, the **Transfer Agents** (which expression shall, where the context so permits, include the Registrar) and the **Calculation Agent(s)** (which expression shall, where the context so permits in the case of A$ Registered Covered Bonds, include the Australian Calculation Agent). Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during usual business hours at the registered office of the Principal Paying Agent. The original Australian Deed Poll and copies of the Trust Deed and the

Agency Agreement (including the Australian Agency Agreement) are available for inspection free of charge during usual business hours at the registered office of the Australian Paying Agent.

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;

(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) ; and

(e) any A$ Registered Covered Bonds.

The Final Terms or the Pricing Supplement, as applicable, 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) to the **applicable Pricing Supplement** are to the Pricing Supplement (or the relevant provisions thereof) endorsed on or attached to this Covered Bond or entered in the register of holders of the A$ Registered Covered Bonds maintained by the Australian Registrar (the **A$ Register**).

The Bond Trustee (or the Australian Bond Trustee in respect of A$ Registered Covered Bonds) 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 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.

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 during normal business hours at the office for the time being of the Principal Paying Agent (subject to the Principal Paying Agent being supplied by the Issuer with copies of such documents) being at 160 Queen Victoria Street, London EC4V 4LA or can be viewed online at the Issuer's website (https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html). Copies of the applicable Final Terms or Pricing Supplement 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 at the office of the Principal Paying Agent or may be provided by email to Covered Bondholders

requesting copies of such documents (subject to the Principal Paying Agent being supplied by the Issuer with copies of such documents). 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 or Pricing Supplement which are applicable to them and to have notice of each of the Final Terms or the Pricing Supplement, as applicable, 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 or Pricing Supplement 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.

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, Clearstream, Luxembourg and DTC or any other relevant clearing system, as the case may be.

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** or an **A$ Registered Covered Bond**, as applicable) as specified in the applicable Final Terms or Pricing Supplement 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 or A$ Registered Covered Bonds and *vice versa*.

This Covered Bond may be denominated in any Specified Currency.

Subject to confirmation from each of the Rating Agencies 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 or Pricing Supplement, 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, title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement and title to the A$ Registered Covered Bonds will pass upon registration of transfers in respect of A$ Registered Covered Bonds, in accordance with these Terms and Conditions. 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 or A$ Registered Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of or, as the case may be, registered in the name of a common depositary or common safe keeper (as the case may be) for, Euroclear Bank SA/NV (Euroclear), Clearstream Banking S.A. (Clearstream, Luxembourg) or The Depository Trust Company (DTC) or its nominee, each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or DTC as to the nominal amount of such Covered Bonds standing to the account of any person shall be

conclusive and binding for all purposes save in the case of manifest error and any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including, without limitation, Euroclear's EUCLID or Clearstream's Cedcom system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the LLP, the Paying Agents, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, and, in the case of DTC or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Bearer Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond shall be treated by the Issuer, the LLP, any Paying Agent, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions Covered Bondholder and holder of Covered Bonds and related expressions shall be construed accordingly.

For so long as any of the A$ Registered Covered Bonds are lodged in the clearance and settlement system operated by Austraclear Ltd ABN 94 002 060 773 (Austraclear and such system being the Austraclear System) in accordance with the regulations and procedures established by Austraclear to govern the use of the Austraclear System (such regulations and procedures being the Austraclear Regulations) each person (other than Austraclear) who is for the time being shown in the records of Austraclear as the holder of such A$ Registered Covered Bonds (in which regard any certificate or other document issued by Austraclear or the Australian Registrar as to such A$ Registered Covered Bonds standing to the account of any person will 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 Austraclear or the Australian Registrar in accordance with its usual procedures and in which the holder of the A$ Registered Covered Bonds is clearly identified with the amount of such holding) will (except as otherwise permitted in the Trust Deed and these Terms and Conditions or as ordered by a court of a competent jurisdiction or as required by applicable law or regulations) be treated by the Issuer, the LLP, the Paying Agents, the Security Trustee and the Australian Bond Trustee as the holder of such A$ Registered Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts of such A$ Registered Covered Bonds or for the purpose of voting, giving consents and making requests in relation to such A$ Registered Covered Bonds and the expression Covered Bondholder and related expressions will be construed accordingly. For so long as any of the A$ Registered Covered Bonds are lodged in the Austraclear System, beneficial interests in A$ Registered Covered Bonds will be transferable only in accordance with the Austraclear Regulations. Where Austraclear is recorded in the A$ Register as the holder of an A$ Registered Covered Bond, each person in whose Security Record (as defined in the Austraclear Regulations) an A$ Registered Covered Bond is recorded is deemed to acknowledge in favour of the Australian Registrar, the Issuer and Austraclear that:

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

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

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

2. Transfers of Registered Covered Bonds and A$ Registered Covered Bonds

(a) *Transfer of Registered Covered Bonds*

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by Euroclear, Clearstream, Luxembourg or DTC, 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. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to

exchange such Covered Bonds for Definitive Covered Bonds. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Definitive Covered Bonds. 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, Clearstream, Luxembourg or DTC, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Rule 144A Global Covered Bond registered in the name of a nominee for DTC shall be limited to transfers of such Rule 144A Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or to such successor's nominee.

(b) *Transfers of Registered Covered Bonds in definitive form*

Subject as provided in Conditions (d) (*Registration of transfer upon partial redemption*), (e) (*Costs of registration*), (f) (*Transfers of interests in Regulation S Global Covered Bonds in the United States or to U.S. persons*) and (g) (*Transfers of interests in Rule 144A Covered Bonds*), 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.

(c) *Transfers of A$ Registered Covered Bonds*

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

A$ Registered Covered Bonds may be transferred in whole but not in part. Application for the transfer of A$ Registered Covered Bonds not entered into the Austraclear System or any alternative clearing system must be made by the lodgement of a transfer form with the Australian Registrar at its specified office. Each transfer form must be duly completed, accompanied by any evidence the Australian

Registrar may require to establish that the transfer form has been duly executed and signed by the transferor and the transferee.

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

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

A$ Registered Covered Bonds may only be transferred if:

(i) in the case of A$ Registered Covered Bonds to be transferred in, or into, Australia (A) the offer or invitation giving rise to the transfer is for an aggregate consideration of at least A$500,000 (or its equivalent in an alternative currency, and in either case, disregarding monies lent by the transferor or its associates to the transferee) or does not otherwise require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act 2001 of Australia (the **Corporations Act**); and (B) the transferee is not a "retail client" as defined in section 761G of the Corporations Act; and (C) the transfer complies with Banking exemption No. 2 of 2026 dated 15 July 2026 promulgated by the Australian Prudential Regulation Authority as if it applied to the Issuer *mutatis mutandis* (and which, unless otherwise specified in the Final Terms or the Pricing Supplement, as applicable, requires all offers and transfers of any parcels of A$ Registered Covered Bonds to be for an aggregate principal amount of not less than A$500,000); and

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

(d) *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 A$ Registered Covered Bond, or part of a Registered Covered Bond or A$ Registered Covered Bond, called for partial redemption.

(e) *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, the Australian Registrar, any Registrar or any 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.

(f) *Transfers of interests in Regulation S 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 Regulation S Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate with the consent of the Issuer (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Covered Bond or a holder of a beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, whereby such transferee may only take delivery through a Rule 144A Covered Bond; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Prior to the end of the applicable Distribution Compliance Period beneficial interests in Regulation S Covered Bonds registered in the name of a nominee for DTC may only be held through the accounts of Euroclear and Clearstream, Luxembourg. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(g) *Transfers of interests in Rule 144A Covered Bonds*

Transfers of Rule 144A Covered Bonds or beneficial interests therein may be made:

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

(ii) to a transferee who takes delivery of such interest through a Rule 144A Covered Bond, where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Rule 144A Covered Bonds, or upon specific request for removal of any United States securities law legend on Rule 144A Covered Bonds, the Registrar shall deliver only Rule 144A Covered Bonds or refuse to remove the legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

3. Status and Security

(h) *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.

(i) *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 and/or the Australian Bond Trustee (as applicable) 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, the Australian Bond Trustee (as applicable) or the Covered Bondholders.

(j) *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 or Pricing Supplement, 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 or Pricing Supplement, 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 or Pricing Supplement, 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; (ii) in the case of Fixed Rate Covered Bonds which are A$ Registered Covered Bonds, 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 A$ Registered Covered Bond; or (iii) 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 Pricing Supplement; 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 or Pricing Supplement 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 or Pricing Supplement.

(i) *ISDA Determination for Floating Rate Covered Bonds*

Where ISDA Determination is specified in the applicable Final Terms or Pricing Supplement 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 or Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent or other person specified in the applicable Final Terms or Pricing Supplement or, in respect of the A$ Registered Covered Bonds, the Australian Calculation Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Calculation Agent or Australian Calculation Agent (as the case may be) or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions, and under which:

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

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

(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 or the Australian Bank Bill Swap Rate (**BBSW**), the first day of that Interest Accrual Period; and

(D) if the Floating Rate Option is an Overnight Floating Rate Option:

(1) Compounding with Lookback is applicable if specified in the Final Terms;

(2) Compounding with Observation Period Shift is applicable if specified in the Final Terms and, if so, Set-in-Advance is applicable if specified as such in the Final Terms;

(3) Compounding with Lockout is applicable if specified in the Final Terms; or

(4) OIS Compounding is applicable if specified in the Final Terms; and

(5) in connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers, financial centres or other items specified in the Confirmation shall be deemed to be references to the numbers, financial centres or other items specified for such purpose in the Final Terms and references in the ISDA Definitions to "Calculation Period", "Floating Rate Day Count Fraction", "Period End Date", "Termination Date" and "Effective Date" shall be deemed to be references to the relevant Interest Accrual Period, Day Count Fraction, Interest Payment Date, the final Interest Payment Date and the Interest Commencement Date respectively,

provided that, if no Rate of Interest can be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be 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 Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest applicable to such Covered Bonds on the Interest

Commencement Date (though substituting, where a different Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

For the purposes of this subparagraph (i), **Calculation Agent, Compounding with Lockout, Compounding with Lookback, Compounding with Observation Period Shift, Designated Maturity, Floating Rate**, **Floating Rate Option**, **OIS Compounding, Overnight Floating Rate Option, Overnight Rate Compounding Method, Reset Date** and **Swap Transaction** have the meanings given to those terms in the ISDA Definitions.

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

If the Final Terms specify "2021 ISDA Definitions" as being applicable:

(A) Administrator/Benchmark Event shall be disapplied; and

(B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".

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

(I) If "Applicable – Term Rate" is specified as the method of Screen Rate Determination in the applicable Final Terms or Pricing Supplement, 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 or Pricing Supplement) 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)(I)(A), no offered quotation appears or if, in the case of Condition 4.2(b)(ii)(I)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent shall request each of the Reference Banks to provide the Principal Paying Agent 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. 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.

If on any Interest Determination Date one only 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 Euro-zone inter-bank 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 Principal Paying Agent 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 Principal Paying Agent it is quoting to leading banks in the Euro-zone inter-bank 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 Clause, 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, SOFR, SARON and €STR

(II) If "Applicable – Overnight Rate" is specified as the method of Screen Rate Determination in the applicable Final Terms or Pricing Supplement:

(i) where the Calculation Method in respect of the relevant Series of Floating Rate Covered Bonds is specified in the applicable Final Terms or Pricing Supplement as being "Compounded Daily", the Rate of Interest for each Interest Accrual Period will, subject to Condition 14.2(d), and as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Final Terms or Pricing Supplement) the Margin, where:

Compounded Daily Reference Rate means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the applicable Final Terms or Pricing Supplement and further provided for below) 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 or Pricing Supplement) on the relevant Interest Determination Date:

(1) as further specified in the applicable Final Terms or Pricing Supplement; or

(2) (if "Index Determination" is specified as being applicable in the applicable Final Terms or Pricing Supplement) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the Relevant Decimal Place;

$$\left(\frac{Compounded\ Index_{END}}{Compounded\ Index_{START}} - 1\right) X \frac{Numerator}{d}$$

where:

Compounded Index$_{END}$ means the Compounded Index Value on the last day of the relevant Index Observation Period;

Compounded Index$_{START}$ means the Compounded Index Value on the first day of the relevant Index Observation Period;

Compounded Index Value shall mean any of (i) SONIA Compounded Index Value (if "SONIA Compounded Index" is specified as applicable in the applicable Final Terms or Pricing Supplement) or (ii) SOFR Compounded Index Value (if "SOFR Compounded Index" is specified as applicable in the applicable Final Terms or Pricing Supplement) or (iii) SARON Compounded Index Value (if "SARON Compounded Index" is specified as applicable in the applicable Final Terms or Pricing Supplement);

d is the number of calendar days in the relevant Index Observation Period;

Index Business Days means, in the case of the SONIA Compounded Index, London Banking Days, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days and, in the case of SARON Compounded Index, Zurich Banking Days;

Index Observation Period means, in respect of an Interest Accrual Period, the period from and including the date falling the Relevant Number of Index Business Days prior to the first day of the relevant Interest Accrual Period and ending on, but excluding, the date which is the Relevant Number of Index Business Days prior to (i) the Interest Payment Date for such Interest Accrual Period, or (ii) (if applicable) the date falling the Relevant Number of Index Business Days prior to such earlier date, if any, on which the Covered Bonds become due and payable;

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;

Numerator shall, unless otherwise specified in the applicable Final Terms or Pricing Supplement, be 365 in the case of the SONIA Compounded Index, 360 in the case of the SOFR Compounded Index and the SARON Compounded Index;

Relevant Decimal Place shall, unless otherwise specified in the applicable Final Terms or Pricing Supplement, be the fifth decimal place in the case of the SONIA Compounded Index, the sixth decimal place in the case of the SARON Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.00000005 being rounded upwards);

Relevant Number shall, unless otherwise specified in the applicable Final Terms or Pricing Supplement, be five in the case of the SONIA Compounded Index and the SARON Compounded Index and five in the case of the SOFR Compounded Index;

SARON means, in respect of any Business Day, a reference rate equal to the daily Swiss Average Rate Overnight as published by the SARON Administrator on the SIX Group's Website at the Specified Time on such Business Day;

SARON Administrator means SIX Index AG (including any successor thereto) or any successor administrator of the Swiss Average Rate Overnight;

SARON Compounded Index means the index known as the SARON Index administered by the SARON Administrator (or any successor administrator thereof);

SARON Compounded Index Value means, in relation to any Zurich Banking Day and subject as provided below, the value of the SARON Compounded Index as published on the SIX Group's Website at 6:00 p.m. (Zurich time) on such Zurich Banking Day;

SARON Index Cessation Effective Date means the earliest of:

(i) in the case of the occurrence of a SARON Index Cessation Event described in paragraph (i) of the definition thereof, the date on which the SARON Administrator ceases to provide the Swiss Average Rate Overnight;

(ii) in the case of the occurrence of a SARON Index Cessation Event described in paragraph (ii)(x) of the definition thereof, the latest of:

a. the date of such statement or publication;

b. the date, if any, specified in such statement or publication as the date on which the Swiss Average Rate Overnight will no longer be representative; and

c. if a SARON Index Cessation Event described in paragraph (ii)(y) of the definition thereof has occurred on or prior to either or both dates specified in paragraphs a. and b. of this paragraph (ii), the date as of which the Swiss Average Rate Overnight may no longer be used; and

(iii) in the case of the occurrence of a SARON Index Cessation Event described in paragraph (ii)(y) of the definition thereof, the date as of which the Swiss Average Rate Overnight may no longer be used;

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

(i) a public statement or publication of information by or on behalf of the SARON Administrator, or by any competent authority, announcing or confirming that the SARON Administrator has ceased or will cease to provide the Swiss Average Rate Overnight permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Swiss Average Rate Overnight; or

(ii) a public statement or publication of information by the SARON Administrator or any competent authority announcing that (x) the Swiss Average Rate Overnight is no longer representative or will as of a certain date no longer be representative, or (y) the Swiss Average Rate Overnight may no longer be used after a certain date, which statement, in the case of sub-clause (y), is applicable to (but not necessarily limited to) fixed income securities and derivatives;

SIX Group's Website means the website of the SIX Group, or any successor website or other source on which the Swiss Average Rate Overnight or as the case may be, the SARON Index is published;

SNB Adjustment Spread means, with respect to the SNB Policy Rate, the spread (which may be positive, negative or zero) to be applied to the SNB Policy Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Covered Bondholders as a result of the replacement of the Swiss Average Rate Overnight with the SNB Policy Rate for purposes of determining SARON, which spread will be determined by the Issuer, following consultation with an

Independent Adviser appointed by the Issuer for such purpose, taking into account the historical median between the Swiss Average Rate Overnight and the SNB Policy Rate during the two year period ending on the date on which the SARON Index Cessation Event occurred (or, if more than one SARON Index Cessation Event has occurred, the date on which the first of such events occurred);

SOFR Administrator's Website means the website of the Federal Reserve Bank of New York, or any successor source;

SOFR Compounded Index means the index known as the SOFR Index administered by the Federal Reserve Bank of New York (or any successor administrator thereof);

SOFR Compounded Index Value means, in relation to any U.S. Government Securities Business Day and subject as provided below, the value of the SOFR Compounded Index as published on the SOFR Administrator's Website at 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

SONIA Compounded Index means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof); and

SONIA Compounded Index Value means, in relation to any London Banking Day and subject as provided below, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Banking Day or, if the value of the SONIA Compounded Index cannot be obtained from the Relevant Screen Page, as published on the Bank of England's website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) in respect of such London Banking Day; and

Zurich Banking Day means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

Notwithstanding the definitions of SOFR Compounded Index, SONIA Compounded Index and SARON Compounded Index above, if:

(i) (where SONIA Compounded Index applies to the Covered Bonds) a Benchmark Event has not occurred in respect of SONIA;

(ii) (where SOFR Compounded Index applies to the Covered Bonds) a Benchmark Transition Event and its related Benchmark Replacement Date has not occurred in respect of SOFR, or

(iii) (where SARON Compounded Index applies to the Covered Bonds) a SARON Benchmark Event has not occurred in respect of SARON,

with respect to any Interest Accrual Period, the relevant Compounded Index START and/or Compounded Index END is not published as contemplated above, the Calculation Agent shall calculate the Rate of Interest for that Interest Accrual Period in accordance with Condition 4.2(ii)(II)(i)(3) as if Index Determination was not specified in the applicable Final Terms or Pricing Supplement as being applicable. For these purposes, (i) the Reference Rate shall be deemed to be SONIA (in the case of SONIA Compounded Index), SOFR (in the case of Compounded SOFR Index) and SARON (in the case of SARON Compounded Index), (ii) the Calculation Method shall be deemed to be Compounded Daily, (iii) the Observation Method shall be deemed to be Shift, (iv) 'D' shall be deemed to be the Numerator, (v) the Observation Look-back Period (and thus, 'p') shall be deemed to be the Relevant Number and (vi) in the case of SONIA, the Relevant Screen Page will be determined by the Issuer in consultation with the Calculation Agent.

If, where SONIA Compounded Index applies to the Covered Bonds, a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 14.2(e) shall apply mutatis mutandis in respect of this 4.2(ii)(II)(i)(2).

If, where SOFR Compounded Index applies to the Covered Bonds, a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provisions of Condition 14.2(e) shall apply mutatis mutandis in respect of this Condition 4.2(ii)(II)(i)(2).

If, where SARON Compounded Index applies to the Covered Bonds, and a SARON Benchmark Event has occurred in respect of SARON, the provisions of Condition 14.2(e) (*Modifications and Waivers*) shall apply *mutatis mutandis* in respect of this Condition 4.2(ii)(II)(i)(2); or

(3) (if "Index Determination" is specified as being not applicable in the applicable Final Terms or Pricing Supplement or "Index Determination" is specified as being applicable in the applicable Final Terms or Pricing Supplement but such screen rate or index is not available at the relevant time on the Interest Determination Date), as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

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

where:

D is the number specified in the applicable Final Terms or Pricing Supplement;

d is the number of calendar days in:

a. where "Lag" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the relevant Interest Accrual Period; or

b. where "Shift" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the relevant Observation Period;

d_o is the number of Business Days in:

a. where "Lag" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the relevant Interest Accrual Period; or

b. where "Shift" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the relevant Observation Period;

i is a series of whole numbers from one to d_o, each representing the relevant Business Days in chronological order from, and including, the first Business Days in:

a. where "Lag" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the relevant Interest Accrual Period; or

b. where "Shift" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the relevant Observation Period;

Business Day or **BD** in this Condition 4.2(b)(ii)(II) has the meaning set out in Condition 4.5, save that:

a. where "SOFR" is specified as the relevant Reference Rate, it means a U.S. Government Securities Business Day; or

b. where "SARON" is specified as the relevant Reference Rate, it means a Zurich Banking Day; or

c. where "€STR" is specified as the Reference Rate, it means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**T2**) System or any successor thereto (the **T2 System**) is open;

$\mathbf{n_i}$, for any Business Day "i", means the number of calendar days from and including such Business Day "i" up to but excluding the following Business Day;

p means (unless otherwise specified in the applicable Final Terms or Pricing Supplement):

a. where "Lag" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the number of Business Days included in the Observation Look-Back Period specified in the applicable Final Terms or Pricing Supplement; or

c. where "Shift" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, for any Observation Period, the number of Business Days included in the Observation Look-back Period specified in the applicable Final Terms or Pricing Supplement;

r means (unless otherwise specified in the applicable Final Terms or Pricing Supplement) in respect of the applicable Reference Rate:

a. where in the applicable Final Terms or Pricing Supplement "Lag" or "Shift" is specified as the Observation Method, in respect of any Business Day, the applicable Reference Rate in respect of such Business Day; and

$\mathbf{r_{i\text{-}pBD}}$ means (unless otherwise specified in the applicable Final Terms or Pricing Supplement) the applicable Reference Rate as set out in the definition of "r" above for:

a. where "Lag" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the Business Day (being a Business Day falling in the relevant Observation Period) falling "p" Business Days prior to the relevant Business Day "i"; or

b. where "Shift" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the relevant Business Day "i".

(ii) where the Calculation Method in respect of the relevant Series of Floating Rate Covered Bonds is specified in the applicable Final Terms or Pricing Supplement as being "Average", the Rate of Interest for each Interest Accrual Period will, subject to Condition 14.2(d), as provided below, be the Average Reference Rate (as defined below) plus or minus (as indicated in the applicable Final Terms or Pricing Supplement) the Margin 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 or Pricing Supplement) on the Interest Determination Date and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards, where:

Average Reference Rate means, with respect to an Interest Accrual Period, the arithmetic mean of the applicable Reference Rate in effect during such Interest Accrual 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 or Pricing Supplement) on the Interest

Determination Date as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

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

where:

D, d, do, i, Business Day (or **BD**), n, and p have the meanings set out under the definition of Compounded Daily Reference Rate above;

r_i means (unless otherwise specified in the applicable Final Terms or Pricing Supplement), for any Business Day "i":

a. where "Lag" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the applicable Reference Rate as set out in the definition of "r" above in respect of the Business Day "i" falling "p" Business Days prior to such day; or

c. where "Shift" is specified as the Observation Method in the applicable Final Terms or Pricing Supplement, the applicable Reference Rate on the Business Day "i";

(iii) subject to Condition 14.2(d), where "SONIA" is specified as the relevant Reference Rate in the applicable Final Terms or Pricing Supplement, if, in respect of any Business Day, SONIA is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be (unless otherwise specified in the applicable Final Terms or Pricing Supplement):

a. the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of SONIA to the Bank Rate over the previous five days on which SONIA 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, or

b. if such Bank Rate is not available, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors), and

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

(iv) subject to Condition 14.2(d), where "SOFR" is specified as the relevant Reference Rate in the applicable Final Terms or Pricing Supplement, if, in respect of any Business Day, the Reference Rate (unless otherwise specified in the applicable Final Terms or Pricing Supplement) is not available, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the New York Fed's Website, and "r" shall be interpreted accordingly.

For the purposes of this Condition 4.2(b)(II), the following definitions will apply:

€STR means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate as provided by the European Central Bank, as the administrator of such rate (or any successor administrator of such rate) on the website of the European Central Bank or any successor website, in each case, at the time specified by, or determined in accordance with, the applicable

methodology, policies or guidelines, of the administrator of such rate on the Business Day immediately following such Business Day.

New York Fed's Website means the website of the Federal Reserve Bank of New York currently 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 Prospectus).

Observation Period means, in respect of an Interest Accrual Period, the period from and including the date falling "p" Business Days prior to the first day of the relevant Interest Accrual Period and ending on, but excluding, the date which is "p" Business Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling "p" Business Days prior to such earlier date, if any, on which the Covered Bonds become due and payable).

SOFR unless the context otherwise requires, means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed's Website, in each case on or about 3:00 p.m. (New York City Time) on the Business Day immediately following such Business Day.

SONIA means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Business Day immediately following such Business Day.

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

(v) subject to Condition 14.2(d), where "SARON" is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Reference Rate is not available on the SIX Group's Website at the Specified Time and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have not both occurred at or prior to the Specified Time on such Business Day, such Reference Rate shall be the SARON for the last preceding Business Day on which SARON was published by the SARON Administrator on the SIX Group's Website, and "r" shall be interpreted accordingly;

(vi) subject to Condition 14.2(d), where "€STR" is specified as the relevant Reference Rate in the applicable Final Terms or Pricing Supplement, if, in respect of any Business Day, the Reference Rate is not available, such Reference Rate shall be the €STR for the first preceding Business Day on which €STR was published by the European Central Bank on its website, and "r" shall be interpreted accordingly.

(vii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 14.2(d), 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 Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual 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 Accrual Period had the Covered Bonds been in issue for a period equal in duration to the scheduled first Interest Accrual 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 Accrual Period).

If the relevant Series of Covered Bonds become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms or Pricing Supplement, 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 and as if (solely for the purpose of such interest determination) the relevant Interest Accrual Period had been shortened accordingly.

(c) Benchmark Rate Determination for Floating Rate Covered Bonds

(I) *Benchmark Rate Determination*

(A) Where Benchmark Rate Determination is specified in the applicable Final Terms or Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will be the BBSW Rate plus or minus (as indicated in the applicable Final Terms or Pricing Supplement) the Margin (if any).

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

(C) At the request of the Issuer, but subject to receipt by the Bond Trustee of a certificate signed by two authorised signatories of the Issuer notifying of a Temporary Disruption Trigger or a Permanent Discontinuation Trigger, the Bond Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Covered Bondholders, be obliged to concur with the Issuer in effecting any substitution for and any adjustments made to the BBSW Rate, in each case as described in this Condition 4.2(c)(I) (including, inter alia, by the execution of a deed or an agreement supplemental to or amending the Trust Deed and/or the Agency Agreement (as applicable)) and the Bond Trustee shall not be liable to any party for any consequences thereof, provided that the Bond Trustee shall not be obliged so to concur if in the sole opinion of the Bond Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or the protective provisions afforded

to the Bond Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way. Any substitution for and any adjustments made to the BBSW Rate, in each case as described in this Condition 4.2(c)(I) shall be notified by the Issuer to the Calculation Agent, the other Agents, the Covered Bondholders of the relevant 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.

(D) If the Calculation Agent is unwilling or unable to determine a necessary rate, adjustment, quantum, formula, methodology or other variable in order to calculate the applicable Rate of Interest, such rate, adjustment, quantum, formula, methodology or other variable will be determined by the Issuer (acting in good faith and in a commercially reasonable manner) or, an alternate independent financial institution of international reputation or an independent adviser of recognised standing with appropriate expertise (acting in good faith and in a commercially reasonable manner) appointed by the Issuer (in its sole discretion and at its own expense) to so determine.

(E) All rates determined pursuant to this Condition 4.2(c)(I) shall be expressed as a percentage rate per annum and the resulting percentage will be rounded if necessary to the fourth decimal place (i.e., to the nearest one ten-thousandth of a percentage point) with 0.00005 being rounded upwards.

(II) *Benchmark Rate Fallback*

If:

(1) a Temporary Disruption Trigger has occurred; or

(2) a Permanent Discontinuation Trigger has occurred,

then the Benchmark Rate for an Interest Accrual Period, whilst such Temporary Disruption Trigger is continuing or after a Permanent Discontinuation Trigger has occurred, means (in the following order of application and precedence):

(a) if a Temporary Disruption Trigger has occurred with respect to the BBSW Rate, in the following order of precedence:

(x) first, the Administrator Recommended Rate;

(y) then, the Supervisor Recommended Rate; and

(z) lastly, the Final Fallback Rate;

(b) where a determination of the AONIA Rate is required for the purposes of sub-paragraph (a) above, if a Temporary Disruption Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required will be the last provided or published level of AONIA;

(c) where a determination of the RBA Recommended Rate is required for the purposes of sub-paragraph (a) or (b) above, if a Temporary Disruption Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required will be the last rate

provided or published by the Administrator of the RBA Recommended Rate (or if no such rate has been so provided or published, the last provided or published level of AONIA);

(d) if a Permanent Discontinuation Trigger has occurred with respect to the BBSW Rate, the rate for any day for which the BBSW Rate is required on or after the Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

(x) first, if at the time of the BBSW Rate Permanent Fallback Effective Date, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Rate;

(y) then, if at the time of the BBSW Rate Permanent Fallback Effective Date, an AONIA Permanent Fallback Effective Date has occurred, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and

(z) lastly, if neither sub-paragraphs (x) nor paragraph (y) above apply, the Final Fallback Rate;

(e) where a determination of the AONIA Rate is required for the purposes of sub-paragraph (d)(x) above, if a Permanent Discontinuation Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

(x) first, if at the time of the AONIA Permanent Fallback Effective Date, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Rate; and

(y) lastly, if sub-paragraph (x) above does not apply, the Final Fallback Rate; and

(f) where a determination of the RBA Recommended Rate is required for the purposes of sub-paragraphs (d) or (e) above, respectively, if a Permanent Discontinuation Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required on or after that Permanent Fallback Effective Date will be the Final Fallback Rate.

When calculating an amount of interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that interest will be calculated as if references to the BBSW Rate or AONIA Rate (as applicable) were references to that Fallback Rate. When calculating interest in circumstances where the Final Fallback Rate applies, the amount of interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate.

(III) *Definitions*

For the purposes of this Condition 4.2(c),

Adjustment Spread means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:

(a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using practices based on those used for the determination of the Bloomberg Adjustment Spread as at as at the Issue Date of the first Tranche of the relevant Series of Covered Bonds, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or

(b) if no such median can be determined in accordance with paragraph (a), set using the method for calculating or determining such adjustment spread determined by the Issuer (or the Australian Calculation Agent) to be appropriate;

Adjustment Spread Fixing Date means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate;

Administrator means:

(a) in respect of the BBSW Rate, ASX Benchmarks Pty Limited (ABN 38 616 075 417);

(b) in respect of AONIA (or where AONIA is used to determine an Applicable Reference Rate), the Reserve Bank of Australia; and

(c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,

and, in each case, any successor administrator or, as applicable, any successor administrator or provider;

Administrator Recommended Rate means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Administrator of the BBSW Rate;

AONIA means the Australian dollar interbank overnight cash rate (known as AONIA);

AONIA Rate means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Calculation Agent to be Compounded Daily AONIA for that Interest Period and Interest Determination Date plus the Adjustment Spread;

Applicable Benchmark Rate means the Benchmark Rate as specified in the applicable Final Terms or Pricing Supplement and, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate, then the rate determined in accordance with Condition 4.2(c)(II);

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

Benchmark Rate means, for an Interest Period, the BBSW Rate as specified in the applicable Final Terms or Pricing Supplement;

Bloomberg Adjustment Spread means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time as the provider of term adjusted AONIA and the spread) (**BISL**) on the Fallback Rate (AONIA) Screen (or by other means), or provided to, and published by, authorised distributors where "Fallback Rate (AONIA) Screen" means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg Screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by BISL;

Compounded Daily AONIA means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment as calculated by the Calculation Agent on the Interest Determination Date, as follows:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{AONIA_{i-5\ SBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

$\boldsymbol{AONIA_{i-5SBD}}$ means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator and published as of the Publication Time for the Sydney Business Day falling five Sydney Business Days prior to such Sydney Business Day"i";

$\boldsymbol{d}$ is the number of calendar days in the relevant Interest Accrual Period;

$\boldsymbol{d_0}$ is the number of Sydney Business Days in the relevant Interest Accrual Period;

$\boldsymbol{i}$ is a series of whole numbers from 1 to d_0, each representing the relevant Sydney Business Day in chronological order from (and including) the first Sydney Business Day in the relevant Interest Accrual Period to (and including) the last Sydney Business Day in such Interest Accrual Period;

$\boldsymbol{n_i}$ for any Business Day "*i*", means the number of calendar days from (and including) such Business Day "*i*" up to (but excluding) the following Sydney Business Day; and

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

If, for any reason, Compounded Daily AONIA needs to be determined for a period other than an Interest Accrual Period, Compounded Daily AONIA is to be determined

as if that period were an Interest Accrual Period starting on (and including) the first day of that period and ending on (but excluding) the last day of that period;

Fallback Rate means, where a Permanent Discontinuation Trigger for an Applicable Benchmark Rate has occurred, the rate that applies to replace that Applicable Benchmark Rate in accordance with Condition 4.2(c)(II);

Final Fallback Rate means, in respect of an Applicable Benchmark Rate, the rate:

(a) determined by the Issuer (or the Australian Calculation Agent) as a commercially reasonable alternative for the Applicable Benchmark Rate taking into account all available information that, in good faith, it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and / or futures exchanges with representative trade volumes in derivatives or futures referencing the Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this paragraph (a), together with (without double counting) such adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for Benchmark Rate-linked floating rate notes at such time (together with such other adjustments to the Business Day Convention, interest determination dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such successor rate or alternative rate for Benchmark Rate-linked floating rate notes at such time), or, if no such industry standard is recognised or acknowledged, the method for calculating or determining such adjustment spread determined by the Issuer (or the Australian Calculation Agent) to be appropriate; *provided that*

(b) if and for so long as no such successor rate or alternative rate can be determined in accordance with paragraph (a), the Final Fallback Rate will be the last provided or published level of that Applicable Benchmark Rate;

Interest Determination Date means, in respect of an Interest Accrual Period:

(a) where the BBSW Rate applies or the Final Fallback Rate applies under sub-paragraph (d)(z) of Condition 4.2(c)(II) of the definition of Permanent Discontinuation Fallback, the first day of that Interest Accrual Period; and

(b) otherwise, the fifth Business Day prior to the last day of that Interest Accrual Period;

Non-Representative means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate:

(a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark Rate is intended to measure and that representativeness will not be restored; and

(b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such Supervisor (howsoever described) in contracts;

Permanent Discontinuation Trigger means, in respect of an Applicable Benchmark Rate:

(a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or that it will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

(b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official or resolution authority with jurisdiction over the Administrator of the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator of the Applicable Benchmark Rate which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

(c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate the AONIA Rate or the RBA Recommended Rate, as a consequence of which the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the Covered Bonds, or that its use will be subject to restrictions or adverse consequences to the Issuer or a Covered Bondholder;

(d) as a consequence of a change in law or directive arising after the Issue Date of the first Tranche of Covered Bonds of a Series, it has become unlawful for the Calculation Agent, the Issuer or any other party responsible for calculations of interest under the Conditions to calculate any payments due to be made to any Covered Bondholder using the Applicable Benchmark Rate;

(e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or

(f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis;

Permanent Fallback Effective Date means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

(a) in the case of paragraphs (a) and (b) of the definition of "Permanent Discontinuation Trigger", the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;

(b) in the case of paragraphs (c) and (d) of the definition of "Permanent Discontinuation Trigger", the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);

(c) in the case of paragraph (e) of the definition of "Permanent Discontinuation Trigger", the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided but is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rates continues to be published or provided on such date; or

(d) in the case of paragraph (f) of the definition of "Permanent Discontinuation Trigger", the date that event occurs;

Publication Time means:

(a) in respect of the BBSW Rate, 12.00p.m. (noon) (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for the BBSW Rate in its benchmark methodology; and

(b) in respect of AONIA, 4.00pm (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for AONIA in its benchmark methodology;

RBA Recommended Fallback Rate has the same meaning given to AONIA Rate but with necessary adjustments to substitute all references to AONIA with corresponding references to the RBA Recommended Rate;

RBA Recommended Rate means, in respect of any relevant day (including any day "*i*"), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor in respect of that day;

Supervisor means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate;

Supervisor Recommended Rate means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Supervisor of the BBSW Rate; and

Temporary Disruption Trigger means, in respect of any Applicable Benchmark Rate which is required for any determination:

(a) the Applicable Benchmark Rate has not been published by the applicable Administrator or an authorised distributor and is not otherwise provided by the Administrator, in respect of, on, for or by the time and date on which that Applicable Benchmark Rate is required; or

(b) the Applicable Benchmark Rate is published or provided but the Australian Calculation Agent determines that there is an obvious or proven error in that rate.

(d) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms or Pricing Supplement 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 or Pricing Supplement 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.

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

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

The Principal Paying Agent or the Australian Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, will calculate the amount of interest (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;

(ii) in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, the Principal Amount Outstanding (subject to Condition 4.4 (*Accrual of interest*)) of the A$ Registered Covered Bond; or

(iii) 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.

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent or the Australian Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified in writing to the Issuer, the LLP, the Bond Trustee, the Registrar or the Australian

Registrar (as the case may be), 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*).

(g) Determination or Calculation by the Calculation Agent

Where, in the Calculation Agent's opinion, there is any uncertainty between alternative courses of action in making any determination or calculation of the Rate of Interest, the Calculation Agent shall promptly notify the Issuer and the Issuer must direct the Calculation Agent in writing as to which alternative course of action to adopt. Failing which, the Calculation Agent will have no obligation to take action and incur no liability in this regard.

(h) 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 Calculation Agent or the Bond Trustee shall (in the absence of wilful default, manifest error, negligence or fraud) be binding on the Issuer, the LLP, the Principal Paying Agent, the Registrar, the Australian 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, 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 Australian 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.

(i) 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).

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 or, in the case of A$ Registered Covered Bonds, in Sydney and any Additional Business Centre specified in the applicable Final Terms or Pricing Supplement; 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 (which if the Specified Currency is Australian Dollars will be Sydney) or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (T2) System or any successor thereto (the **T2 System**) is open.

(b) If a **Business Day Convention** is specified in the applicable Final Terms or Pricing Supplement 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 or Pricing Supplement:

(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 or Pricing Supplement) 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 or Pricing Supplement, 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 or Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms or Pricing Supplement, 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 or Pricing Supplement, 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 or Pricing Supplement, 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;

(vii) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms or Pricing Supplement, 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; 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 or Pricing Supplement, 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; 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;

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

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

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

(x) such other Day Count Fraction as may be specified in the applicable Final Terms or Pricing Supplement.

(d) **Determination Period** means each period from (and including) a Determination Date (as specified in the applicable Final Terms or Pricing Supplement) 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 or Pricing Supplement 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 or Pricing Supplement 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 (which, if the Specified Currency is Australian Dollars will be Sydney); 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 (*Payments*), 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 principal (other than instalments of principal prior to the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made 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 (**business day** being for the purposes of this Condition 5.4 a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (the **Record Date**). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account, or (ii) the principal amount of the Covered Bonds held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register at the close of business on the Record Date at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the Registrar not later than three business days after the Record Date for any payment of interest or an instalment of principal (other than the final instalment) in respect of a Registered Covered Bond, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. Dollars shall be paid by transfer by the Registrar (i) to an account specified in accordance with Condition 5.1 (*Method of payment*) identified to DTC by a participant in DTC in respect of its holding of such Covered Bonds, or (ii) to an account in the relevant Specified Currency of the Exchange Agent for conversion into and payment in U.S. Dollars unless the participant in DTC with an interest in the Covered Bonds has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC.

None of the Issuer, the LLP, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in

the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.5 Payments in respect of A$ Registered Covered Bonds

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

Payment of principal and interest shall be made:

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

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

None of the Issuer, the LLP or the Bond Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the A$ Registered Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.6 General provisions applicable to payments

The holder of a Global Covered Bond (or, as provided in the Trust Deed, the Bond Trustee) shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the 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 DTC, Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to DTC, Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or the LLP to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or, as provided in the Trust Deed, the Bond Trustee) shall have any claim against the Issuer or the LLP in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition, payments of principal and/or interest in 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.

5.7 Payment Day

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition (unless otherwise specified in the applicable Final Terms or Pricing Supplement), **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) the relevant place of presentation;

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

(iii) each Additional Financial Centre specified in the applicable Final Terms or Pricing Supplement; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London, Sydney and any Additional Financial Centre) or as otherwise specified in the applicable Final Terms or Pricing Supplement or (ii) in relation to any sum payable in euro, a day on which the T2 System is open; and

(c) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. Dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Covered Bond) has not elected to receive any part of such payment in a Specified Currency other than U.S. Dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

5.8 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 and/or the Australian Bond Trustee (as applicable) 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.

5.9 Definitions

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

Calculation Amount has the meaning given in the applicable Final Terms or Pricing Supplement.

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

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

Rate of Interest means the rate of interest payable from time to time in respect of Fixed Rate Covered Bonds and Floating Rate Covered Bonds, as determined in, or as determined in the manner specified in, the applicable Final Terms or Pricing Supplement.

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 or Pricing Supplement.

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 or Pricing Supplement 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 or the Pricing Supplement, as applicable, (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 Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent and (in the case of Registered Covered Bonds) the Registrar or (in the case of A$ Registered Covered Bonds) the Australian Paying Agent and the Australian 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 and/or the Australian Bond Trustee (as applicable) 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)

If an Issuer Call is specified in the applicable Final Terms or Pricing Supplement, 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 or Pricing Supplement, which in the case of Covered Bonds that clear through DTC should not be less than 30 days nor more than 60 days) to the Bond Trustee, the Principal Paying Agent, the Registrar (in the case of the redemption of Registered Covered Bonds) or the Australian Paying Agent and the Australian Registrar (in the case of the redemption of A$ Registered Covered Bonds) and, in accordance with Condition 13 (*Notices*), the 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 or Pricing Supplement 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 or Pricing Supplement. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the **Redeemed Covered Bonds**) will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules of DTC, Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Covered Bonds represented by a Global Covered Bond and in the case of Redeemed Covered Bonds which are A$ Registered Covered Bonds, the A$ Registered Covered Bonds and the holders of A$ Registered Covered Bonds to be redeemed will be determined in such manner as may be fair and reasonable in the circumstances taking account of prevailing market practices, subject to compliance with any applicable laws, stock exchange or other relevant authority requirements, in each case, not more than 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 or Pricing Supplement) 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 or Pricing Supplement) 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 or Pricing Supplement (the **Investor Put**), then if and to the extent specified in the applicable Final Terms or Pricing Supplement, 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 or Pricing Supplement) 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 or Pricing Supplement 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 or Pricing Supplement, 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 or Pricing Supplement.

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.

If the relevant Covered Bond is an A$ Registered Covered Bond lodged in the Austraclear System, to exercise the right to require redemption of this Covered Bond the holder of the beneficial interest in this Covered Bond must, within the notice period, give notice to the Australian Registrar of such exercise in accordance with the Austraclear Regulations.

If the relevant Covered Bond is an A$ Registered Covered Bond held outside of the Austraclear System, to exercise a right to require redemption of this Covered Bond, the Covered Bondholder must, within the notice period, give notice to the Issuer and the Australian Registrar of such exercise in a form acceptable to the Australian Registrar together with any evidence the Australian Registrar may require to establish title of the Covered Bondholder to the relevant Covered Bond.

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 or the Australian 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) 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 Conditions 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 Conditions 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 or Pricing Supplement) 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 Pricing Supplement or, if no such amount or manner is so specified in the applicable Final Terms or Pricing Supplement, 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. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the relevant subsidiary, cancelled or 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 cancelled or 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 (other than any A$ Registered 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. All Covered Bonds so cancelled cannot be reissued or resold.

6.11 Taxes

The Issuer has undertaken in the Trust Deed to pay any stamp and other duties or taxes (if any) on or in connection with the execution of these presents or the Australian Deed Poll in the United Kingdom or any state or territory of Australia, 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, 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 (i) is able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other claim for exemption to the relevant taxing authority but fails to do so, or (ii) is liable for such taxes, duties 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 or Australia other than merely by reason of the holding of such Covered Bonds, Receipts or Coupons; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days; or

(d) 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.

Notwithstanding any other provision of these Terms and Conditions of the Covered Bonds, any amounts to be paid on the Covered Bonds by or on behalf of the Issuer or the LLP, will be paid net of any deduction or withholding imposed or 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 (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a **FATCA Withholding**). None of the Issuer, the LLP or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

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, or in relation to the A$ Registered Covered Bonds, the Australian Paying Agent or the Australian 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, the LLP will not be obliged to pay any additional amounts as a consequence.

8. Prescription

The Covered Bonds other than A$ Registered Covered Bonds (whether in bearer or registered form), 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 dispatched 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*).

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

9. Events of Default, 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 or, in relation to A$ Registered Covered Bonds, the Australian Deed Poll) 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 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), 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) next 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 and the LLP are notified of the breach of the Pre-Maturity 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 123(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 Bonds 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 and the Australian 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 and the Australian 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 and the Australian Bond Trustee (as applicable) 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 GIC Account and the Excess Proceeds shall thereafter form part of the Security and shall be used by the LLP in the same manner as all other moneys from time to time standing to the credit of the GIC Account pursuant to the Deed of Charge and the LLP Deed. Any Excess Proceeds received by the Bond Trustee and/or the Australian Bond Trustee (as applicable) 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 and/or the Australian Bond Trustee (as applicable) 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 and/or (in case of the A$ Covered Bondholders) the Australian Bond Trustee (as applicable) 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 or, in relation to A$ Registered Covered Bonds, the Australian Deed Poll) 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 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 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

(g) 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 (and/or, to the extent applicable in relation to the A$ Registered Covered Bonds, the Australian Bond Trustee) may at any time after service of an Issuer Acceleration Notice (in the case of the Issuer) 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 and (where appropriate) converted into Sterling at the relevant Covered Bond Swap Rate 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 to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions under this Condition 9 the Bond Trustee (and/or, to the extent applicable in relation to the A$ Registered Covered Bonds, the Australian 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 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 (other than any A$ Registered 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 (other than any A$ Registered Covered Bond), 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, Transfer Agent and Exchange Agent

The names of the initial Principal Paying Agent, the initial Registrar, the initial Transfer Agent, the initial Australian Registrar, the initial Australian Paying Agent, the initial Exchange 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, a Registrar and, so long as any A$ Registered Covered Bonds are outstanding, an Australian Registrar and Australian Paying Agent and, if so required by any Final Terms or any Pricing Supplement, as applicable, of any such A$ Registered Covered Bonds, an Australian Calculation Agent;

(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 approved by the Bond Trustee in Europe;

(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; and

(d) so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. Dollars are registered in the name of DTC or its nominee, there will at all times be an Exchange Agent with a specified office in the United States.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in the United States in the circumstances described in Condition 5.6 (*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 (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 (*Exchange of Talons*) 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 including publication on the website of the relevant stock exchange or relevant authority is required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers or where published in such newspapers on different dates, the last date of such first publication. 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 DTC and/or Euroclear and/or Clearstream, Luxembourg, there may be substituted for such publication in such newspaper(s) or such mailing, the delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Covered Bonds 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 third day after the day on which the said notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg, as appropriate.

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

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

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

Notices to be given by any Covered Bondholder (other than in relation to A$ Registered Covered Bonds) 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 DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and DTC and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose. Notices to be given by any Covered Bondholder in respect of A$ Registered Covered Bonds to the Issuer will be in writing and must be (i) sent by pre-paid post or (if posted to an address overseas) by airmail to; or (ii) left at the address of, the Issuer and will be deemed to have been given on the seventh day after mailing or on the day of delivery, respectively.

14. Meetings of Covered Bondholders, Modification and Waiver

Covered Bondholders, Receiptholders, Couponholders and other Secured Parties should note that the Issuer and the LLP may without their consent or the consent of the Bond Trustee or the Security Trustee agree to modify any provision of any Final Terms or Pricing Supplement which is of a formal, minor or technical nature or is made to correct a proven or 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 may be convened by the Issuer,

the LLP, the Bond Trustee or (in case of the A$ Registered Covered Bonds) the Australian 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 of the relevant Series for the time being outstanding. 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 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. 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 or (in case of meetings in relation to one of more series of the A$ Registered Covered Bonds only) the Australian 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 or (in case of meetings in relation to one of more series of the A$ Registered Covered Bonds only) the Australian 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 or (in case of meetings in relation to one of more series of the A$ Registered Covered Bonds only) the Australian 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, the Bond Trustee, (in the case of A$ Registered Covered Bonds only) the Australian 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 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 9.1 (*Issuer Events of Default*), 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 (a) and (b) below, and the Bond Trustee or the Security Trustee (as applicable) shall in the case of (c) and (d) 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 (and for this purpose the Bond Trustee and the Security Trustee may disregard whether any such modification relates to a Series Reserved Matter):

(a) 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 provided that (i) in the sole opinion of the Bond Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series, and (ii) in the sole opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series or the Covered Bond Swap Providers or the Interest Rate Swap Provider, except for any Covered Bond Swap Provider or the Interest Rate Swap Provider who is a member of the Lloyds Banking Group; or

(b) to any modification 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 which is in the sole opinion of the Bond Trustee or the Security Trustee (as the case may be) of a formal, minor or technical nature or is to correct a manifest error or an error which is, in the sole opinion of the Bond Trustee or the Security Trustee (as the case may be), proven, or is to comply with mandatory provisions of law;

(c) following the redemption of all the Covered Bonds outstanding as of 7 June 2013 and any Covered Bonds issued on or after such date but which are to be consolidated and form a single Series with such Covered Bonds, and 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 amended and 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 as amended (**EU EMIR**), as applicable, in accordance with the terms of the Trust Deed, and the Covered Bondholder shall be deemed to have instructed 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 22.7(a) of the Deed of Charge.

(d) to 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, BBSW Rate, SARON, SONIA, €STR or such other benchmark rate (each, a **Reference Rate**) to an alternative base rate (any such rate, an **Alternate Base Rate**) (in each case, other than in respect of SOFR Rate, or any Recommended Replacement Rate or the SNB Policy Rate in the circumstances and as otherwise set out in Condition 14.2(e) and making such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a **Base Rate Modification**), provided that:

(A) 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:

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

(II) the insolvency or cessation of business of the administrator of the Reference Rate (in circumstances where no successor administrator has been appointed);

(III) 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;

(IV) 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;

(V) 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 or will be subject to restrictions or adverse consequences; or

(VI) the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (I), (II), (III), (IV) or (V) will occur or exist within six months of the proposed effective date of such Base Rate Modification,

(ii) the modifications proposed are required solely for the purpose of applying the Alternative Base Rate and making consequential modifications to any Transaction Document which are, as reasonably determined by the Issuer as necessary or advisable in its reasonable judgement, and the modifications have been drafted solely to such effect; and

(iii) the consent of each Secured Creditor (x) which is party to the relevant Transaction Document being amended, or (y) whose ranking in any Priorities of Payments is affected has been obtained (evidence of which shall be provided by the Issuer to the Bond Trustee and the Security Trustee with the

Base Rate Modification Certificate) and, subject to Condition 14.2(d)(G), no other consents are required to be obtained in relation to the Base Rate Modification; and

(B) such Alternate Base Rate is:

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

(2) in relation to EURIBOR, BBSW Rate, SONIA, SARON or €STR (or any rate which is derived from, based upon or otherwise similar to any of the foregoing); or

(3) a base rate utilised in a material number of publicly-listed new issues of floating rate covered bonds or floating rate senior unsecured notes prior to the effective date of such Base Rate Modification (for these purposes, 5 such issues shall be considered material); or

(4) a base rate utilised in a publicly-listed new issue of floating rate covered bonds where the issuer (or, in the case of asset backed securities, the originator of the relevant assets) is the Issuer or an Affiliate of the Issuer,

(C) at least 30 days' prior written notice of any Base Rate Modification has been given to the Bond Trustee and the Security Trustee;

(D) the Base Rate Modification Certificate is provided to the Bond Trustee and the Security Trustee both at the time the Bond Trustee and the Security Trustee are notified of the Base Rate Modification and on the effective date of such Base Rate Modification;

(E) with respect to each Rating Agency, either:

(1) the Issuer obtains from such Rating Agency written confirmation that such Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the relevant Covered Bonds of any Series by such Rating Agency or (y) such Rating Agency placing the Covered Bonds of any Series on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Bond Trustee and the Security Trustee; or

(2) the Issuer certifies in writing to the Bond Trustee and 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);

(F) the Issuer pays (or arranges for the payment of) all fees, costs and expenses (including legal fees) properly incurred by the Bond Trustee and the Security Trustee in connection with such Base Rate Modification;

(G) the Issuer has provided at least 30 days' notice to the Covered Bondholders of the relevant Series of Covered Bonds of the Base Rate Modification in accordance with Condition 13 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds (in each case specifying the date and time by which Covered Bondholders must respond), and Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have not contacted the Issuer or the Principal Paying Agent in accordance with the then current practice of any applicable Clearing

System through which such Covered Bonds may be held by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification.

If Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have notified the Issuer or the Principal Paying Agent in accordance with the then current practice of any applicable Clearing System through which the Covered Bonds may be held by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification, then the Base Rate Modification will not be made unless an Extraordinary Resolution of the Covered Bondholders of the relevant Series then outstanding is passed in favour of the Base Rate Modification in accordance with 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 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 14.2(d) are satisfied.

(e) When implementing any modification pursuant to Condition 14.2(d):

(A) 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

(B) 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 Terms and Conditions.

Effect of Benchmark Transition Event on SOFR linked Floating Rate Covered Bonds

Notwithstanding any fallback provisions in the ISDA Definitions, if the Designated Transaction Representative determines on or prior to the relevant determination date that a Benchmark Transition Event has occurred with respect to SOFR, then the Bond Trustee shall be obliged, without the consent or sanction of the Covered Bondholders (including without the requirement to provide to Covered Bondholders an opportunity to object) or any confirmation from any Rating Agencies, to concur with the Designated Transaction Representative in making any modification (other than in respect of 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 in respect of a Series Reserved Matter) of these Conditions or any of the Transaction Documents solely with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR and issued on or after 18 May 2020 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 SOFR linked Floating Rate Covered Bonds*" in relation only to all determinations of the rate of interest payable on any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR (and any related swap agreements) and issued on or after 18 May 2020:

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 U.S. dollar denominated Floating Rate Covered Bonds calculated by

reference to SOFR, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR 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 U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR, the Designated Transaction Representative will have the right to make Benchmark Replacement Conforming Changes with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to or SOFR 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 SOFR linked Floating Rate 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 U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR, will be conclusive and binding absent manifest error, may be made in the Designated Transaction Representative's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR, shall become effective without consent, sanction or absence of objection from any other party (including Covered Bondholders).

IV. The following definitions shall apply with respect to this section titled "Effect of Benchmark Transition Event on SOFR linked Floating Rate Covered Bonds":

Benchmark means, initially, SOFR, as applicable; 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 Interpolated Benchmark; provided that if the Designated Transaction Representative cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then **Benchmark Replacement** means 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 U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR 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 U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR at such time.

Benchmark Replacement Conforming Changes means, with respect to any Benchmark Replacement, any technical, administrative or operational changes with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR (including changes to the definition of "Interest Accrual 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 Accrual 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 U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR 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 the earliest to occur of the following events with respect to the then current Benchmark (including the daily published component used in the calculation thereof):

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

(2) in the case of paragraph (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information;

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 (including any daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the

time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

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

Designated Transaction Representative means, with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR 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 supplement).

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 (i) unless otherwise specified in the applicable Final Terms or the applicable Pricing Supplement or if "2006" is specified in the applicable Final Terms or the applicable Pricing Supplement, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., as amended and supplemented up to and including the Issue Date of the first Tranche of the Covered Bonds; or (ii) if "2021" is specified in the applicable Final Terms or the applicable Pricing Supplement, the 2021 ISDA Interest Rate Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc., as amended and supplemented up to and including the Issue Date of the first Tranche of the Covered Bonds or (iii) as otherwise specified in the applicable Final Terms or the applicable Pricing Supplement.

ISDA Fallback Adjustment means, with respect to any ISDA Fallback Rate, the spread adjustment, (which may be a positive or negative value or zero) that would be applied to such ISDA Fallback Rate in the case of derivatives transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation event with respect to the then-current Benchmark for the applicable tenor.

ISDA Fallback Rate means with respect to the then-current Benchmark, the rate that would apply for derivatives transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation date with respect to the then-current 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. (New York City time) on the day that is five U.S. Government Securities Business Days preceding the date of such determination, and (2) if the Benchmark is not SOFR, the time determined by the Designated Transaction Representative in accordance with the Benchmark Replacement Conforming Changes or as otherwise set out in the applicable Final Terms or the applicable Pricing Supplement.

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.

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

II. To the extent that there is any inconsistency between the Conditions set out in this section titled "*Effect of Benchmark Transition Event on SOFR linked Floating Rate Covered Bonds*" and any other Condition, the statements in this section shall prevail with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR.

III. Nothing in this section titled "*Effect of Benchmark Transition Event on SOFR linked Floating Rate Covered Bonds*" affects the rights of the Covered Bondholders of Covered Bonds other than any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR.

IV. Notwithstanding anything to the contrary in this section titled "*Effect of Benchmark Transition Event on SOFR linked Floating Rate Covered Bonds*" or any Transaction Document, when implementing any replacement of the then-current Benchmark with the Benchmark Replacement or any Benchmark Replacement Conforming Changes pursuant to this section:

a. 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 enquiry or liability, on any 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 replacement of the then-current Benchmark with the Benchmark Replacement or any Benchmark Replacement Conforming Changes is or may be materially prejudicial to the interests of any such person; and

b. the Bond Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction and/or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee in the Transaction Documents and/or these Conditions.

V. For the avoidance of doubt, the Issuer 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 SOFR linked Floating Rate Covered Bonds*" are satisfied.

Additional provisions relating to SARON

(i) If SARON is not published on the SIX Group's Website at the Specified Time on a relevant Business Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have both occurred at or prior to the Specified Time on such Business Day (such event, the **SARON Benchmark Event**), then, in respect of such Business Day and (subject to the further operation of this Condition 14.2(e), if applicable) each Business Day thereafter, SARON will be replaced with:

(x) if there is a Recommended Replacement Rate within one Business Day of the SARON Index Cessation Effective Date, the Recommended Replacement Rate for such Business Day, giving effect to the Recommended Adjustment Spread, if any, published on such Business Day; or

(y) if there is no Recommended Replacement Rate within one Business Day of the SARON Index Cessation Effective Date, the policy rate of the Swiss National Bank (the **SNB Policy Rate**) for such Business Day, giving effect to the SNB Adjustment Spread, if any.

Notwithstanding the above, if the SNB Policy Rate for any Business Day with respect to which SARON is to be determined pursuant to paragraph (i)(y) above has not been published on such Business Day, then in respect of such Business Day (the **Affected Business Day**) and each Business Day thereafter, SARON will be replaced by the Replacement Rate, if any, determined in accordance with Condition 14.2(e) for purposes of determining the Rate of Interest.

(ii) If the Issuer (A) is required to use a Recommended Replacement Rate or the SNB Policy Rate pursuant to paragraphs (i)(x) or (i)(y) above for purposes of determining SARON for any Business Day, and (B) determines that any changes to the definitions of Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Accrual Period, Observation Period, SARON, SARON Administrator, SIX Group's Website or Specified Time are necessary in order to use such Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may be, for such purposes, such definitions will be amended as contemplated in Condition 14(d) to reflect such changes, and the Issuer shall give notice as soon as practicable to the Bond Trustee, the Calculation Agent, the Principal Paying Agent, the other Paying Agents and, in accordance with Condition 13, the Covered Bondholders, specifying the Recommended Replacement Rate and any Recommended Adjustment Spread or, as the case may be, indicating that the SNB Policy Rate will be used and specifying any SNB Adjustment Spread, as applicable, and the amendments implemented pursuant to Condition 14(d).

(iii) Unless the Issuer has elected to redeem the Recommended Replacement Rate in accordance with Condition 14.2(e), the Issuer will appoint a "Replacement Rate Agent" on or prior to the first relevant Business Day (a) with respect to which SARON is to be determined pursuant to paragraph (i)(y) above and (b) for which the SNB Policy Rate has not been published thereon. The Issuer may appoint an affiliate of the Issuer or any other person as Replacement Rate Agent, so long as such affiliate or other person is a leading financial institution that is experienced in the calculations or determinations to be made by the Replacement Rate Agent. The Issuer will notify the Covered Bondholders of any such appointment in accordance with Condition 13.

(iv) If the conditions set out in the last paragraph of Condition 14(e)(iii) (*Additional provisions relating to SARON*) above have been satisfied, then the Replacement Rate Agent will determine whether to use an alternative rate to SARON for the Affected Business Day and for all subsequent Business Days in the Observation Period in which the Affected Business Day falls (the **Affected SARON Observation Period**) and all Observation Periods thereafter. If the Replacement Rate Agent determines to use an alternative rate pursuant to the immediately preceding sentence, it shall select such rate that it has determined is most comparable to the Swiss Average Rate Overnight (the **Existing Rate**), provided that if it determines that there is an appropriate industry-accepted successor rate to the Existing Rate, it shall use such industry-accepted successor rate. If the Replacement Rate Agent has determined an alternative rate in accordance with the foregoing (such rate, the **Replacement Rate**), for the purposes of determining the Rate of Interest, (a) the Replacement Rate Agent shall determine (A) the method for obtaining the Replacement Rate (including any alternative method for determining the Replacement Rate if such

alternative rate is unavailable on the relevant Interest Determination Date), which method shall be consistent with industry-accepted practices for the Replacement Rate, and (B) any adjustment factor as may be necessary to make the Replacement Rate comparable to the Existing Rate consistent with industry-accepted practices for the Replacement Rate, (b) for the Affected Business Day and all subsequent Business Days in the Affected SARON Observation Period and all Observation Periods thereafter, references to SARON in these Conditions shall be deemed to be references to the Replacement Rate, including any alternative method for determining such rate and any adjustment factor as described in paragraph (a) above, (c) if the Replacement Rate Agent determines that changes to the definitions of Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Accrual Period, SARON, Observation Period or Specified Time are necessary in order to implement the Replacement Rate as SARON, such definitions will be amended as contemplated in Condition 14(d) to reflect such changes, and (d) the Issuer shall give notice as soon as practicable to the Bond Trustee, the Calculation Agent, the Principal Paying Agent, the other Paying Agents and, in accordance with Condition 13, the Covered Bondholders, specifying the Replacement Rate, as well as the details described in paragraph (a) above, and the amendments implemented pursuant to Condition 14(e). Any determination to be made by the Replacement Rate Agent pursuant to this Condition 14(e)(iv) (*Additional provisions relating to SARON*) including any determination with respect to a 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, will be made in the sole discretion of the Replacement Rate Agent acting in good faith and in a commercially reasonable manner.

Recommended Adjustment Spread means, with respect to any Recommended Replacement Rate, the spread (which may be positive, negative or zero), or formula or methodology for calculating such a spread:

(i) that the Recommending Body has recommended be applied to such Recommended Replacement Rate in the case of fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon; or

(ii) if the Recommending Body has not recommended such a spread, formula or methodology as described in paragraph (i) above, to be applied to such Recommended Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Covered Bondholders as a result of the replacement of the Swiss Average Rate Overnight with such Recommended Replacement Rate for purposes of determining SARON, which spread will be determined by the Issuer, following consultation with the Independent Adviser, and be consistent with industry-accepted practices for fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon.

Recommended Replacement Rate means the rate that has been recommended as the replacement for the Swiss Average Rate Overnight by the Recommending Body.

Recommending Body means any working group or committee in Switzerland organised in the same or a similar manner as the National Working Group on Swiss Franc Reference

Rates that was founded in 2013 for purposes of, among other things, considering proposals to reform reference interest rates in Switzerland.

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 or Pricing Supplement, as applicable, which is of a formal, minor or technical nature or is made to correct a proven or 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, 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 Series and provided always that the Bond Trustee shall not exercise any powers conferred on it in contravention of any express direction given by Extraordinary Resolution. 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, or the Covered Bond Swap Providers or the Interest Rate Swap Provider, except for any Covered Bond Swap Provider or the Interest Rate Swap Provider who is a member of the Lloyds Banking Group.

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 Series of Covered Bonds then outstanding and, in each case, 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 and provided that, in the case of the Security Trustee, in its opinion, such modification is not materially prejudicial to the interests of any of the Covered Bond Swap Providers or the Interest Rate Swap Provider, except for any Covered Bond Swap Provider or the Interest Rate Swap Provider who is a member of the Lloyds Banking Group.

The Bond Trustee (and/or, to the extent applicable in relation to the A$ Registered Covered Bonds, the Australian 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 (and/or, to the extent applicable in relation to the A$ Registered Covered Bonds, the Australian 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 to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing and provided that, in the case of the Security Trustee, in its opinion, such waiver or authorisation is not materially prejudicial to the interests of any of the Covered Bond Swap Providers or the Interest Rate Swap Provider, except for any Covered Bond Swap Provider or the Interest Rate Swap Provider who is a member of the Lloyds Banking Group.

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 (and/or, to the extent applicable in relation to the A$ Registered Covered Bonds, the Australian Bond Trustee) shall not agree to any modification or make or grant any authorisation, waiver or determination pursuant to this Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*), until it shall have received from the Issuer written confirmation that such modification, waiver, authorisation or determination, as applicable, would not result in a breach of the RCB Regulations and that either:

(a) such modification, authorisation, waiver or determination would not require the FCA 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 FCA and the FCA have given their consent to such proposed modification, authorisation, waiver or determination.

Where the Security Trustee is unable to determine whether any such modification, waiver or authorisation is materially prejudicial to the interests of any of the Covered Bond Swap Provider or the Interest Rate Swap Provider (except for any Covered Bond Swap Provider or Interest Rate Swap Provider who is a member of the Lloyds Banking Group), it shall give written notice to the Covered Bond Swap Provider and/or the Interest Rate Swap Provider (as the case may be), setting out the relevant details and requesting its consent thereto. The Covered Bond Swap Provider or Interest Rate Swap Provider (as the case may be), shall, within 10 Business Days of receipt of such notice (the **Relevant Period**), notify (in writing) the Security Trustee of:

(a) its consent (such consent not to be unreasonably withheld or delayed) to such proposed modification, waiver or authorisation; or

(b) its refusal to give such consent and reasons for such refusal (such refusal not to be unreasonably made and to be considered in the context of its security position under the Deed of Charge).

Any failure by the Covered Bond Swap Provider or Interest Rate Swap Provider to notify the Security Trustee as aforesaid within the Relevant Period shall be deemed to be a consent by the relevant Swap Provider to such proposed modification, waiver or authorisation.

The Security Trustee may (without further enquiry) rely upon the consent (including deemed consent) or refusal in writing of the Covered Bond Swap Provider or Interest Rate Swap Provider, as provided above and shall have no liability to the Covered Bond Swap Provider, Interest Rate Swap Provider or any other Secured Creditor for consenting or not consenting (as the case may be) to a modification, waiver or authorisation on the basis of any such consent or refusal in writing or any deemed consent as provided above.

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; and

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.

References in the foregoing provisions of this Condition 14 to Covered Bonds, Receipts, Coupons, Covered Bondholders, and Series shall exclude the A$ Registered Covered Bonds and A$ Covered Bondholders. To the extent that all or any such references relate to, or are in respect of, the covenant to pay in relation to the A$ Registered Covered Bonds made by the Issuer under the Australian Deed Poll and in that circumstance, the Australian Bond Trustee shall have all of the powers set out in this Condition 14 to act on behalf of the A$ Covered Bondholders in respect of the A$ Registered Covered Bonds and references in the relevant provisions to the Bond Trustee, Covered Bonds, Covered Bondholders and Series shall be construed, respectively, as the Australian Bond Trustee, the A$ Registered Covered Bonds, the A$ Covered Bondholders and Series of the A$ Registered Covered Bonds respectively.

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, the Australian Bond Trustee (if applicable) 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, the Australian Bond Trustee (if applicable) 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, the Australian Bond Trustee and the Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action unless indemnified and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which each of the Bond Trustee, the Australian 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.

None of the Bond Trustee, the Australian Bond Trustee or 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, the Australian Bond Trustee and/or the Security Trustee. None of the Bond Trustee, the Australian Bond Trustee or 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, the Australian 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. None of the Bond Trustee, the Australian Bond Trustee or 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 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 a 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 a 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 Agencies to the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, the LLP, the Bond

Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

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 each 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 a 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, the Australian 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) 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 and, relation to A$ Registered Covered Bonds, a deed poll in a form similar to the Australian Deed Poll 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 Australian Deed Poll, 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 and/or (as applicable) deed poll executed and/or undertakings given pursuant to this Condition 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 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) 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 Agencies 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 and Submission to Jurisdiction

21.1 **Governing Law**

The Trust Deed, the Agency Agreement, the Corporate Services Agreement, the Covered Bonds (other than any A$ Registered Covered Bonds), the Receipts, the Coupons and the other Transaction Documents (other than the Australian Deed Poll, 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. The Australian Deed Poll, the A$ Registered Covered Bonds and these Terms and Conditions as they apply to the A$ Registered Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.

21.2 **Submission to Jurisdiction**

The Issuer and the LLP have agreed to submit to the exclusive jurisdiction of the courts of England in any action arising out of the Trust Deed, the Agency Agreement, the Programme Agreement, the Australian Deed Poll and the Covered Bonds. In the limited instances where a Covered Bondholder or Couponholder may proceed directly against the Issuer or LLP due to a failure to act by the Bond Trustee or the Security Trustee, as the case may be, as described herein, it may be necessary for such Covered Bondholder or Couponholder to bring a suit in the courts of England to enforce its rights against the Issuer or the LLP, as the case may be, with respect to the Trust Deed or any other Transaction Document, the Covered Bonds, the Coupons or the Security.

22. Agent for service of process

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

The Issuer appoints Equity Trustees Limited (ABN 46 004 031 298) of Level 4, 7 Macquarie Place, Sydney, New South Wales 2000 as its agent for service of process. If for any reason that person ceases to be able to act as such, the Issuer will immediately appoint another person with an office located in New South Wales to act as its agent to receive any such document and will promptly notify the Australian Registrar and the Covered Bondholders of such appointment.

USE OF PROCEEDS

Other than where the relevant Final Terms or Pricing Supplement specifies that a Series of Covered Bonds are "Sustainable Bonds" (as to which, see below), the net proceeds (or the Sterling Equivalent thereof) from each issue of Covered Bonds will be used by the Issuer to make available Term Advances to the LLP pursuant to the terms of the Intercompany Loan Agreement, which in turn shall be used by the LLP (after exchanging the proceeds of the Term Advances into Sterling, if necessary) either to (i) acquire Loans and their Related Security or (ii) to invest the same in Substitution Assets up to the prescribed limit to the extent required to meet the requirements of Regulations 17(2)(b) and 24(1)(a)(ii) of the RCB Regulations and the Asset Coverage Test and thereafter may be applied by the LLP:

(a) to acquire Loans and their Related Security or to invest the same in Substitution Assets up to the prescribed limit;

(b) if an existing Series, or part of an existing Series, of Covered Bonds is being refinanced by such issue of Covered Bonds, to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced;

(c) subject to complying with the Asset Coverage Test, to make Capital Distributions to one or more Members; and/or

(d) (if not denominated in Sterling, upon exchange into Sterling under the applicable Non-Forward Starting Covered Bond Swap) to make a deposit in the GIC Account (including, without limitation, to fund the Reserve Amount to an amount not exceeding the prescribed limit).

Sustainable Bonds

If the relevant Final Terms or Pricing Supplement specifies that a Series of Covered Bonds are "Sustainable Bonds", then, unless otherwise specified in the relevant Final Terms, the net proceeds (or the Sterling Equivalent thereof) from each issue of Covered Bonds will be used by the Issuer to make available Term Advances to the LLP pursuant to the terms of the Intercompany Loan Agreement, which in turn shall be used by the LLP (after exchanging the proceeds of the Term Advances into Sterling, if necessary) either to (i) acquire Loans and their Related Security or (ii) to invest the same in Substitution Assets up to the prescribed limit to the extent required to meet the requirements of Regulations 17(2)(b) and 24(1)(a)(ii) of the RCB Regulations and the Asset Coverage Test and thereafter may be applied by the LLP:

(a) to acquire Loans and their Related Security or to invest the same in Substitution Assets up to the prescribed limit; and/or

(b) subject to complying with the Asset Coverage Test, to make Capital Distributions to one or more Members.

Lloyds Banking Group has developed a Sustainable Bond Framework for the issuance of Sustainable Bonds (the **Framework**) with the aim of supporting the UK to transition successfully to a more sustainable, low carbon economy.

The Framework provides a set of criteria for identifying businesses and projects that aim to deliver positive social and/or environmental benefits.

In connection with the Framework, Lloyds Banking Group has appointed a sustainability specialist to issue an opinion confirming that the Framework is credible and impactful, and aligns with the International Capital Market Association's Green Bond Principles and Social Bond Principles (the **Second Party Opinion**)

The current version of the Framework can be viewed at: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/esg/sustainable-bond-framework.pdf.

The Second Party Opinion can be viewed at: https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/esg/sustainable-bond-second-party-opinion.pdf.

If so specified in the applicable Final Terms or Pricing Supplement, the Issuer will allocate an amount of funding equivalent to the net proceeds from the issue of the relevant Tranche of Covered Bonds to finance and/or refinance, in whole or in part, Eligible Projects, as more particularly described in the Framework from time to time.

Businesses whose primary business activity falls within any of the excluded categories identified in the Framework will not be considered Eligible Projects.

The Framework, the Second Party Opinion and other documentation relating to the Issuer's Sustainable Bonds are subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from the description given in this Prospectus. Potential investors in Covered Bonds issued as Sustainable Bonds should access the latest version of each relevant document on the Issuer's website. Any such amendment, update, supplementing, replacing and/or withdrawal after the issue date of any Covered Bonds which are Sustainable Bonds may be applied in respect of such Covered Bonds already in issue.

For the avoidance of doubt, neither the Framework nor the Second Party Opinion are, nor shall either of them be deemed to be, incorporated in, and/or form part of, this Prospectus.

Prospective investors in any Sustainable Bonds should also refer to the specific risk factors in the section titled "*Risks related to Covered Bonds*" related to the Sustainable Bonds.

LLOYDS BANK GROUP

Overview

The Lloyds Bank Group is a leading provider of financial services to individual and business customers in the UK.

For a description of the history and development of Lloyds Bank Group, its strategy and business and activities, see the sections entitled "*History and development of Lloyds Bank Group*" and "*Divisional information*" set out on the Form 20-F incorporated by reference herein and the section entitled "*Our strategy*" set out in the LBG 2025 Annual Report incorporated by reference herein.

Ratings of the Issuer

As at the date of this Prospectus: (i) long-term senior obligations of the Issuer are rated "A+" by S&P, "A1" by Moody's and "AA" by Fitch; and (ii) short-term senior obligations of the Issuer are rated "A-1" by S&P, "P-1" by Moody's and "F1+" by Fitch.

Expected ratings in relation to Covered Bonds issued by the Issuer under the Programme

The Covered Bonds issued under the Programme are expected on issue to be assigned an "AAA" rating by Fitch and an "Aaa" rating by Moody's.

The credit ratings referred to and included in this Prospectus have been issued by S&P, Fitch and Moody's with relation to the Issuer and have been issued by Fitch and Moody's with relation to the Covered Bonds. Each of S&P, Fitch and Moody's is established in the UK and is registered under the UK CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

For detail on credit ratings risks see "*Risk Factors — Economic and Financial Risks*". In particular, see "*Risk Factors —Economic and Financial Risks — A reduction in Lloyds Bank Group's credit rating(s) could materially adversely affect Lloyds Bank Group's results of operations, financial condition or prospects*" in the Form 20-F incorporated by reference herein.

Competitive Environment

For a description of the competitive environment that the Lloyds Bank Group operates in, see the sections "*Competitive environment*" (excluding the bullet points headed "2026 outlook") in the Form 20-F incorporated by reference herein and "*Risk Factors – Business and Operational Risks - Lloyds Bank Group's businesses are conducted in competitive environments, which are subject to ongoing regulatory scrutiny, and Lloyds Bank Group's financial performance depends upon management's ability to respond effectively to competitive pressures and any regulatory development*" in the Issuer Risk Factors Form 6-K incorporated by reference herein.

THE LLP

Lloyds Bank Covered Bonds LLP (formerly known as Lloyds TSB Covered Bonds LLP) (the **LLP**) was incorporated on 12 September 2008 in England and Wales as a limited liability partnership (with registered number OC340094) under the LLPA, with Lloyds Bank plc and Lloyds Bank Covered Bonds (LM) Limited (the **Liquidation Member**) as its Members. The LLP changed its name from Lloyds TSB Covered Bonds LLP to Lloyds Bank Covered Bonds LLP on 23 September 2013.

The LLP's registered office is at 5 Churchill Place, 10th Floor, London E14 5HU. The telephone number of the LLP's registered office is 0207 398 6300.

The LLP forms a group with its Members and has no subsidiaries. The LLP is dependent on (i) Lloyds Bank plc to provide certain services to it on the terms of the Transaction Documents and (ii) on the Corporate Services Provider to provide certain corporate administration services.

The principal activities of the LLP are set out in the LLP Deed and include, *inter alia*, the ability to carry on the business of acquiring the Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement with a view to profit, to borrow money and to do all such things as are incidental or conducive to the carrying on of that business.

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

Members

The Members of the LLP as at the date of this Prospectus and their registered offices are:

Name	Registered Office
Lloyds Bank Covered Bonds (LM) Limited	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU
Lloyds Bank plc	25 Gresham Street, London EC2V 7HN

The directors of each of Lloyds Bank plc and Lloyds Bank Covered Bonds (LM) Limited are set out below.

Directors of Lloyds Bank Covered Bonds (LM) Limited

The following table sets out the directors of Lloyds Bank Covered Bonds (LM) Limited and their respective businesses addresses and occupations at the date of this Prospectus.

Name	Business Address	Business Occupation
CSC Directors (No.3) Limited	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Corporate company director of special purpose companies
CSC Directors (No.4) Limited	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Corporate company director of special purpose companies
Helena Whitaker	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director

Further, the directors of CSC Directors (No.3) Limited and CSC Directors (No.4) Limited and their principal activities or business occupations are:

Name	Business address	Principal Activities
Alasdair Watson	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Catherine McGarth	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Debra Amy Parsall	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Pavi Helena Whitaker	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Jonathan Hanly	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Jordina Walker	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Oskari Tammenmaa	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Raheel Khan	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Renda Manvika	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director
Umar Khan	5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU	Director

Directors of Lloyds Bank plc

The directors of Lloyds Bank plc are set out under "*Lloyds Banking Group – Directors*" above.

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

LLP Management Board

The Members have appointed the LLP Management Board to act on all matters relating to the LLP, other than those specific matters which require the unanimous decision of the Members (as set out in the LLP Deed). Any decision by the LLP Management Board relating to the admission of a New Member, any change in the LLP's business, any change to the LLP's name and any decision not to indemnify the LLP, will be made, whilst any Covered Bonds are outstanding, with the consent of the Security Trustee.

At the date of this Prospectus, the following are the members of the LLP Management Board:

Position in the LLP	Name	Principal Activities outside the LLP
Member of the Management Board	Gavin Parker	Head of Securitisation and Collateral, Group Corporate Treasury, Lloyds Banking Group plc

Member of the Management Board	Kristofer Middleton	Head of Term Issuance and Capital Structuring, Lloyds Banking Group plc
Member of the Management Board	Helen O'Connor	Director, Senior Funding & Transaction Management, Lloyds Banking Group plc
Member of the Management Board	Monica de Vries	Head of Capital Optimisation & Securitisation, Lloyds Banking Group plc

The business address of all the members of the LLP Management Board listed above is 25 Gresham Street, London EC2V 7HN.

The LLP has no employees.

There are no potential conflicts of interest between, on the one hand, any duties of the members of the LLP Management Board to the LLP and, on the other hand, their private interests or other duties.

As at the date of this Prospectus, the LLP is controlled by Lloyds Bank plc. To ensure that such control is not abused, the Members of the LLP and the LLP, *inter alios*, have entered into the LLP Deed which governs the operation of the LLP.

In the event of the appointment of a liquidator or an administrator to Lloyds Bank plc or Lloyds Bank plc disposing of any of the shares of Lloyds Bank Covered Bonds (LM) Limited (such that it ceases to hold at least 20 per cent. of Lloyds Bank Covered Bonds (LM) Limited without any necessary consents), Lloyds Bank Covered Bonds (LM) Limited would take control of the LLP.

The LLP's accounting reference date is 31 December, with the first accounting reference date being 31 December 2009.

SUMMARY OF THE PRINCIPAL DOCUMENTS

Trust Deed

The Trust Deed, made between the Issuer, the LLP, the Bond Trustee and the Security Trustee on the Programme Date and to which the Australian Bond Trustee became a party on or about 8 May 2019, is the principal agreement governing the Covered Bonds. The Trust Deed contains provisions relating to, *inter alia*:

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

Covered Bond Guarantee

Under the terms of the Covered Bond Guarantee, if the Issuer defaults in the payment on the due date of any moneys due and payable under or pursuant to the Trust Deed or the Covered Bonds or any Receipts or Coupons, or if any other Issuer Event of Default occurs (other than by reason of non-payment), and, in either case, if the Bond Trustee has served an Issuer Acceleration Notice, the LLP has agreed (subject as described below) to pay or procure to be paid (following service of a Notice to Pay) unconditionally and irrevocably to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders) an amount equal to that portion of the Guaranteed Amounts which shall become Due for Payment but would otherwise be unpaid, as of any Original Due for Payment Date or, if applicable, the Extended Due for Payment Date, by the Issuer. Payment by the LLP of the Guaranteed Amounts pursuant to the Covered Bond Guarantee will be made on the later of (a) the day which is two Business Days following service of a Notice to Pay on the LLP and (b) the day on which the Guaranteed Amounts are otherwise Due for Payment (the **Guaranteed Amounts Due Date**). In addition, the LLP shall, to the extent it has funds available to it, make payments in respect of the unpaid portion of the Final Redemption Amount on any Original Due for Payment Date up until the Extended Due for Payment Date (where an Extended Due for Payment Date is provided for in the applicable Final Terms or Pricing Supplement). The Bond Trustee will be required to serve a Notice to Pay on the LLP and the Issuer with a copy to the Principal Paying Agent following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice.

Under the Covered Bond Guarantee, the Guaranteed Amounts will become due and payable on any earlier date on which, following the occurrence of an LLP Event of Default, an LLP Acceleration Notice is served in accordance with Condition 9.2 (*LLP Events of Default*). Following service of an LLP Acceleration Notice, the Covered Bonds will (if an Issuer Acceleration Notice has not already been served) become immediately due and payable as against the Issuer and the obligations of the LLP under the Covered Bond Guarantee will be accelerated.

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 taxes, duties or other charges of whatever nature, unless such withholding or deduction of such taxes, duties or other charges is required by law. In that event the LLP will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The LLP will not be obliged to pay any amount to the Bond Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction.

Under the terms of the Covered Bond Guarantee, the LLP agrees that its obligations under the Covered Bond Guarantee shall be as principal debtor and not merely as surety and shall be absolute and unconditional (subject to a Notice to Pay or LLP Acceleration Notice having been served), irrespective of, and unaffected by, any invalidity, irregularity or unenforceability of, or defect in, any provisions of the Trust Deed or the Covered Bonds or Receipts or Coupons or the absence of any action to enforce the same or the waiver, modification or consent by the Bond Trustee or any of the Covered Bondholders, Receiptholders or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

Subject to the grace period specified in Condition 9.2 (*LLP Events of Default*) of the Terms and Conditions, failure by the LLP to pay the Guaranteed Amounts which are Due for Payment on the relevant Guaranteed Amounts Due Date will result in an LLP Event of Default.

The Trust Deed provides that any 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 GIC Account and the Excess Proceeds shall thereafter form part of the Security and shall be used by the LLP in the same manner as all other moneys from time to time standing to the credit of the LLP Accounts and shall be applied as Available Principal Receipts. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons. However, the obligations of the LLP under the Covered Bond Guarantee are (following service of 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.

Fees and expenses

The LLP, will pay certain fees to the Bond Trustee and will reimburse it for all its costs and expenses properly incurred in acting as Bond Trustee and in addition shall indemnify it in respect of all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses suffered as a result of the Issuer (or, following service of a Notice to Pay on the LLP, the LLP) failing to perform any of its obligations under the Transaction Documents.

Any remuneration, costs and expenses paid by the LLP to the Bond Trustee shall be paid subject to and in accordance with the relevant Priorities of Payments, as applicable.

Neither the Issuer nor the LLP will be responsible under the Trust Deed for any liabilities, losses, damages, costs or expenses resulting from the fraud, gross negligence or wilful default on the part of the Bond Trustee or any of its officers, employees and advisers.

Retirement and removal

The Bond Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer, the LLP and the Security Trustee. The Covered Bondholders may by Extraordinary Resolution of all the Covered Bondholders of all Series taken together as a single Series remove any Bond Trustee. The retirement or removal of the Bond Trustee who is the sole Bond Trustee shall not become effective until a successor bond trustee is appointed.

Governing law

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

Australian Deed Poll

The Australian Deed Poll made by the Issuer on or about 8 May 2019 is the principal document governing the A$ Registered Covered Bonds. The Australian Deed Poll contains provisions relating to, *inter alia*; (i) the constitution of the A$ Registered Covered Bonds including the irrevocable undertaking by the Issuer to, and for the benefit of, the Australian Bond Trustee and each A$ Covered Bondholder that it shall pay and perform its obligations under the A$ Registered Covered Bonds; (ii) enforcement with respect to the A$ Registered Covered Bonds; and (iii) the transfer restrictions applicable to the A$ Registered Covered Bonds.

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

Intercompany Loan Agreement

On each Issue Date, the Issuer will use the proceeds of the Covered Bonds issued under the Programme to lend on that date an amount equal to the nominal value of the issue of the related Covered Bonds (or the Sterling Equivalent thereof) to the LLP by way of a Term Advance pursuant to the Intercompany Loan Agreement. Each Term Advance will be made in either Sterling or in the Specified Currency of the relevant Series or Tranche, as applicable, of the Covered Bonds, as set out in the applicable Final Terms or Pricing Supplement. For the avoidance of doubt, if the Covered Bond Swap in relation to the relevant Series or Tranche is a Forward Starting Covered Bond Swap, the Term Advance will be made in Sterling. Each Term Advance which is made in a currency other than Sterling will be exchanged by the LLP into Sterling pursuant to the relevant Non-Forward Starting Covered Bond Swap Agreement. The Sterling Equivalent of each Term Advance will be used by the LLP:

(a) as consideration (in whole or in part) for the acquisition of Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement, as described under – *Mortgage Sale Agreement – Sale by the Seller of the Loans and Related Security*; and/or

(b) to invest in Substitution Assets in an amount not exceeding the prescribed limit, to the extent required to meet the Asset Coverage Test and the requirement of Regulation 17(2)(b) and 24(1)(a)(ii) of the RCB Regulations and thereafter may be applied by the LLP:

(i) as consideration in part for the acquisition of Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement; and/or

(ii) to invest in Substitution Assets in an amount not exceeding the prescribed limit; and/or

(iii) (subject to satisfying the Asset Coverage Test), to make a Capital Distribution to a Member; and/or

(iv) if an existing Series, or part of an existing Series, of Covered Bonds is being refinanced by such issue of Covered Bonds, to repay the Term Advances corresponding to the Covered Bonds being so refinanced; and/or

(v) to make a deposit in the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the prescribed limit).

Each Term Advance which is made in the Specified Currency of the relevant Series or Tranche of Covered Bonds will bear interest at a rate of interest equal to the rate of interest payable on the corresponding Series or Tranche, as applicable, of Covered Bonds. Each Term Advance which is made in Sterling will bear interest at a rate of interest equal to a SONIA rate or such other rate or for such other interest period as may be agreed by the parties to the Intercompany Loan Agreement.

The Issuer will not be relying on repayment of any Term Advance in order to meet its repayment obligations under the Covered Bonds. The LLP will pay amounts due in respect of Term Advances(s) in accordance with the relevant Priorities of Payments. Provided no Asset Coverage Test Breach Notice is outstanding, prior to service of a Notice to Pay on the LLP, amounts due in respect of each Term Advance will be paid by the LLP to, or as directed by, the Issuer on each Interest Payment Date, subject to paying all higher ranking amounts in the Pre-Acceleration Revenue Priority of Payments or, as applicable, the Pre-Acceleration Principal Priority of Payments. The Issuer may (but is not required to) use the proceeds of the Term Advances to pay amounts due on the Covered Bonds; any failure by the LLP to pay any amounts due on the Term Advances, however, will not affect the liability of the Issuer to pay the relevant amount due on the Covered Bonds. For so long as an Asset Coverage Test Breach Notice is outstanding, the LLP may not borrow any new Term Advances from the Issuer under the Intercompany Loan Agreement.

The amounts owed by the LLP to the Issuer under the Term Advances will be reduced by (i) any amounts paid by the LLP under the terms of the Covered Bond Guarantee and (ii) the Principal Amount Outstanding of any Covered Bonds (the proceeds of which were originally applied to make such Term Advances) purchased by the Issuer or the LLP and cancelled in accordance with Condition 6.9 (*Purchases*). If a Term Advance is denominated in Sterling but the related Covered Bonds are denominated in another currency, the amount of the reduction shall be the Sterling Equivalent of the amount paid by the LLP under the Covered Bond Guarantee or the Sterling Equivalent of the Principal Amount Outstanding of Covered Bonds so purchased and cancelled.

The Intercompany Loan Agreement is governed by English law.

Mortgage Sale Agreement

The Seller

Loans and their Related Security will be sold to the LLP from time to time pursuant to the terms of the Mortgage Sale Agreement entered into on the Programme Date between Lloyds Bank plc (in its capacity as Seller), the LLP and the Security Trustee.

Sale by the Seller of the Loans and Related Security

The Portfolio will consist of the Loans and their Related Security sold from time to time by the Seller to the LLP in accordance with the terms of the Mortgage Sale Agreement. The types of Loans forming the Portfolio will vary over time provided that the Eligibility Criteria (as described below) in respect of such Loans are met on the relevant Sale Date. Accordingly, the Portfolio may, at any time, include Loans with different characteristics from Loans that were included in the Portfolio or being offered to Borrowers on previous Sale Dates.

Prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or an LLP Event of Default and service of an LLP Acceleration Notice, the LLP will acquire the Loans and their Related Security from the Seller in certain circumstances, including the three circumstances described below.

(a) *First*, in relation to the issue of Covered Bonds from time to time in accordance with the Programme, the Issuer will make Term Advances to the LLP, the proceeds of which may be applied in whole or in part by the LLP to acquire Loans and their Related Security from the Seller.

(b) *Second*, the LLP will, in certain circumstances, use the Available Principal Receipts to acquire Loans and their Related Security from the Seller and/or Substitution Assets (in the case of any Substitution Assets, up to the prescribed limit) on each LLP Payment Date.

(c) *Third*, the LLP and the Seller are required to ensure that the Portfolio is maintained at all times in compliance with the Asset Coverage Test (as determined by the Cash Manager on each Calculation Date). If on any Calculation Date there is a breach of the Asset Coverage Test, the Seller will use all reasonable endeavours to offer to sell to the LLP sufficient New Loans and their Related Security on or before the next Calculation Date to ensure compliance with the Asset Coverage Test as at the next Calculation Date.

If an Issuer Event of Default has occurred but no liquidator or administrator has been appointed to the Seller, Loans and their Related Security may only be acquired from the Seller if the Seller has provided a solvency certificate to the LLP and the Security Trustee.

In exchange for the sale of the Loans and their Related Security to the LLP, the Seller will receive an amount equal to the Current Balance of those Loans sold by it as at the Sale Date, which will be satisfied by one or a combination of:

(i) a cash payment to be made by the LLP from the Sterling Equivalent of the proceeds of the relevant Term Advance and/or from Available Principal Receipts;

(ii) the Seller being treated as having made a Capital Contribution in Kind in an amount equal to the difference between the Current Balance of the New Loans sold by the Seller as at the relevant Sale Date and the cash payment (if any) made by the LLP in accordance with (i) above; and/or

(iii) Deferred Consideration (including any Postponed Deferred Consideration) which shall be paid by the LLP on each LLP Payment Date (provided there are available funds) in accordance with the relevant Priorities of Payments.

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

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

Eligibility Criteria

The sale of Loans and their Related Security to the LLP will be subject to various conditions (the **Eligibility Criteria**) being satisfied on the relevant Sale Date. These are as follows:

(a) there shall have been neither an Issuer Event of Default and service of an Issuer Acceleration Notice nor an LLP Event of Default and service of an LLP Acceleration Notice as at the relevant Sale Date;

(b) the LLP, acting on the advice of the Cash Manager, is not aware, and could not reasonably be expected to be aware, that the proposed purchase by the LLP of the relevant Loans and their Related Security on the relevant Sale Date would adversely affect the then current rating by Moody's or Fitch of the Covered Bonds;

(c) the yield on the Loans in the Portfolio together with the yield of the New Loans to be sold to the LLP on the relevant Sale Date is at least 0.300 per cent. greater than the SONIA Spot Rate as at the relevant Sale Date, after taking into account the weighted average yield on the relevant Loans and the margins on the Swaps, in each case as at the relevant Sale Date;

(d) no Loan that is proposed to be sold to the LLP on the relevant Sale Date has a Current Balance of more than £1,000,000;

(e) if the Loans that are proposed to be sold to the LLP on the relevant Sale Date include New Loan Types or Loans in relation to which the relevant Borrower grants a mortgage or standard security over a property which is subject to a shared ownership lease, the LLP has obtained written confirmation from each of the Rating Agencies that if such New Loan Types were to be sold to the LLP, such sale of the New Loan

Types to the LLP would not have an adverse effect on the then current ratings by the Rating Agencies of the Covered Bonds; and

(f) no Loan that is proposed to be sold to the LLP on the relevant Sale Date relates to a Property which is not a residential property.

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

If the Seller accepts an application from, or makes an offer (which is accepted) to, a Borrower for a Product Switch or Further Advance which constitutes an unconditional obligation on the part of the Seller to make such Product Switch or a Further Advance, then the Seller may offer to repurchase the relevant Loan and the Related Security to which the Product Switch or Further Advance relates, subject to certain criteria being satisfied. As set out in the Servicing Agreement, Lloyds Bank plc (in its capacity as Servicer) may not agree to a Product Switch or to make a Further Advance to a Borrower if to do so would cause the LLP to be in contravention of the FSMA, although the Seller may agree to such Product Switch or Further Advance if it repurchases the Loan that is subject to such Product Switch or Further Advance and if by so doing the LLP would not thereby be in contravention of the FSMA.

Transfer of title to the Loans to the LLP

English Loans will be sold by the Seller to the LLP by way of equitable assignment. Scottish Loans will be sold by the Seller on the First Sale Date by way of a Scottish Declaration of Trust and, in relation to Scottish Loans sold by the Seller to the LLP after the First Sale Date, by further Scottish Declarations of Trust under which the beneficial interest in such Scottish Loans will be transferred to the LLP. In relation to Scottish Loans, references in this document to a sale or equitable assignment of Loans or to Loans having been sold or equitably assigned are to be read as references to the making of such Scottish Declarations of Trust in respect of Scottish Loans. For the avoidance of doubt, in relation to Scottish Loans, references in this document to a legal assignment of Loans or to Loans having been legally assigned are to be read as references to the granting of assignations of such Scottish Loans pursuant to the Mortgage Sale Agreement. Such beneficial interest (as opposed to the legal title) cannot be registered or recorded in the Registers of Scotland. As a result, legal title to all of the Loans and their Related Security will remain with the relevant Originator until legal assignments or assignations (as appropriate) are effected by the Seller to the LLP and notice of the sale is given by the Seller to the Borrowers. Legal assignment or assignation (as appropriate) of the Loans and their Related Security (including, where appropriate, their registration or recording in the relevant property register) to the LLP will be deferred and will only take place in the limited circumstances described in the paragraph below.

The assignments, assignations, transfers or conveyances (as appropriate) of the Loans and their Related Security (or, where specified, the Selected Loans and their Related Security) to the LLP shall be perfected by the Seller (or, as the case may be, the LLP or the Security Trustee pursuant to powers granted under the Seller Power of Attorney or the BOS Power of Attorney (in respect of the BOS Loans included in the Portfolio)) on or before the 20th London Business Day after the earliest to occur of:

(a) service of a Notice to Pay (unless the Seller or BOS has notified the LLP that it will accept the offer set out in the Selected Loan Offer Notice within the prescribed time) or an LLP Acceleration Notice;

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

(c) the Seller and/or the LLP being required to perfect legal title to the Loans and their Related Security, or procure any or all of the acts referred to in clause 6 of the Mortgage Sale Agreement, by an order of a court of competent jurisdiction, or by a regulatory authority to which the Seller or BOS is subject or any organisation whose members comprise, but are not necessarily limited to, mortgage lenders with whose instructions it is customary for the Seller, or BOS as the case may be, to comply;

(d) it becoming necessary by law to take such actions;

(e) the Security Trustee giving notice that, in its opinion, the property, assets and rights of the LLP comprised in the Security constituted by the Deed of Charge or any material part thereof are in jeopardy and that the doing of any or all of the acts referred to herein is necessary in order to materially reduce such jeopardy;

(f) the Seller or BOS calling for perfection by serving notice in writing to the LLP and the Security Trustee;

(g) the date on which the Seller or BOS ceases to be assigned a long-term unsecured, unsubordinated debt obligation rating from Moody's of at least Baa3 or a long-term unsecured, unsubordinated and unguaranteed credit rating by Fitch of at least BBB-; or

(h) the occurrence of an Insolvency Event in relation to the Seller or BOS.

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

The Title Deeds (if any) and Customer Files relating to the Loans in the Portfolio will be held by or to the order of the Seller, BOS or by solicitors, licensed conveyancers or (in Scotland) qualified conveyancers acting for the Seller or BOS in connection with the creation of the Loans and their Related Security, save for Title Deeds (if any) held at the Land Registry or the Registers of Scotland or the Registry of Deeds. The Seller will undertake that all the Customer Files and Title Deeds relating to the Loans in the Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Security Trustee or as the Security Trustee may direct. BOS will similarly undertake, in the Intercompany Mortgage Sale Agreement, that all the Customer Files and Title Deeds relating to the Loans in the Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Security Trustee or as the Security Trustee may direct.

Representations and Warranties

None of the LLP, the Security Trustee or the Bond Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Loans and their Related Security to be sold to the LLP. Instead, each is relying entirely on the Representations and Warranties by the Seller contained in the Mortgage Sale Agreement. The parties to the Mortgage Sale Agreement may, with the prior written consent of the Security Trustee (which consent will only be given if the Security Trustee is satisfied, acting reasonably, that there will be no adverse effect on the then current ratings of the Covered Bonds as a result thereof), amend or waive the Representations and Warranties in the Mortgage Sale Agreement. The material Representations and Warranties are as follows and are given on the relevant Sale Date in respect of the Loans and Related Security to be sold to the LLP only on that date:

- each Loan was originated by the Seller, C&G or another member of the Lloyds Banking Group, that has previously sold such loans to the Seller in pounds Sterling and is denominated in pounds Sterling (or was originated and is denominated in euro if the euro has been adopted as the lawful currency for the time being of the UK);
- no Loan has a Current Balance of more than £1,000,000;
- prior to the making of each advance under a Loan, the Lending Criteria and all preconditions to the making of that advance were satisfied in all material respects subject only to exceptions made on a case by case basis as would be acceptable to a Reasonable, Prudent Mortgage Lender;
- so far as the Seller is aware, other than with respect to Monthly Payments, no Borrower is or has, since the date of the execution of the relevant Mortgage, been in material breach of any obligation owed in respect of the relevant Loan or its Related Security and accordingly no steps have been taken by the Seller to enforce any Related Security;
- the total amount of interest or principal in arrears, including any fees, commissions and premiums payable at the same time as that interest payment or principal repayment, on any Loan is not, on the relevant Sale Date in respect of any Loan, more than the amount of the Monthly Payment then due;
- all of the Borrowers are individuals (and not partnerships) and were aged 18 years or older at the date of execution of the Mortgage;
- at least one Monthly Payment has been made in respect of each Loan or, for the avoidance of doubt, in case of a Product Switch, Flexible Loan or Further Advance, the original advance;
- the whole of the Current Balance on each Loan is secured by the relevant Mortgage;
- no loan is originated under a dedicated staff scheme;
- save in relation to any Right to Buy Loan secured over a Property situated in England or Wales where (if there is one year or less to run of the statutory repayment period) that statutory charge may take priority, each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage (or in Scotland)

first ranking standard security over the relevant Property, and subject only in certain appropriate cases to applications for registrations or recordings at the Land Registry of England and Wales or in the Registers of Scotland which, where required, have been made and are pending and in relation to such cases the Seller is not aware of any notice or any other matter that would prevent such registration or recording;

- each Loan and its Related Security is, save in relation to any term of a Loan or of its Related Security which is not binding by virtue of the Unfair Terms in Consumer Contracts Regulations 1994 or (as the case may be) the Unfair Terms in Consumer Contracts Regulations 1999, valid and binding and enforceable in accordance with its terms and is non-cancellable. To the best of the Seller's knowledge, none of the terms of any Loan or of its Related Security, save for any term which relates to Early Repayment Charges, the power to vary closing administration charges and the power to recover indemnity costs is unfair within the meaning of the Unfair Terms in Consumer Contracts Regulations 1994 or (as the case may be) the Unfair Terms in Consumer Contracts Regulations 1999;
- all of the Properties are located in England, Wales or Scotland;
- in respect of Loans originated from applications received on or after 6 February 2006 for purchases not more than 12 months prior to the execution of such Mortgage (or such longer period as may be acceptable to a Reasonable, Prudent Mortgage Lender) the Seller, C&G or another member of the Lloyds Banking Group has received a Valuation Report from a valuer on the relevant Property. In respect of Loans originated from applications received before 6 February 2006 and in respect of remortgages and further advances the Seller will either have obtained a valuation report or other evidence of value, the contents of which were such as would be acceptable to a Reasonable, Prudent Mortgage Lender; or in appropriate cases (as would be acceptable to a Reasonable Prudent Mortgage Lender) relied on the relevant Borrower's estimate of value;
- the benefit of all Valuation Reports and Certificates of Title which were provided to the Seller or C&G or another member of the Lloyds Banking Group not more than two years prior to the date of the Mortgage Sale Agreement can be validly assigned to the LLP without obtaining the consent of the relevant valuer, solicitor or licensed conveyancer or (in Scotland) qualified conveyancer;
- prior to the taking of each Mortgage (other than a remortgage), the Seller, C&G or another member of the Lloyds Banking Group (a) instructed its solicitor or licensed conveyancer or (in Scotland) qualified conveyancer to carry out an investigation of title to the relevant Property and to undertake such other searches, investigations, enquiries and other actions on its behalf in accordance with the instructions which the Seller or C&G or another member of the Lloyds Banking Group issued to the relevant solicitor or licensed conveyancer or (in Scotland) qualified conveyancer as are set out in the case of English Loans in the CML's Lenders' Handbook for England and Wales (or, for Mortgages taken before the CML's Lenders' Handbook for England and Wales was adopted in 1999, Cheltenham & Gloucester plc's Mortgage Practice Notes) and, in the case of Scottish Loans, the CML's Lenders Handbook for Scotland (or, for Scottish Mortgages taken before the CML's Lender's Handbook for Scotland was adopted in 2000, Cheltenham & Gloucester plc's Mortgage Practice Notes) or such other comparable, predecessor or successor instructions and/or guidelines as may for the time being be in place, subject only to such variations made on a case-by-case basis as would have been acceptable to a Reasonable, Prudent Mortgage Lender at the relevant time; and (b) received a Certificate of Title from the solicitor or licensed conveyancer or (in Scotland) qualified conveyancer referred to in paragraph (a) relating to the Property, the contents of which were such as would have been acceptable to a Reasonable, Prudent Mortgage Lender at that time;
- so far as the Seller is aware, buildings insurance cover for such Property is available under a policy arranged by the Borrower or by or on behalf of the Seller or a buildings insurance policy arranged by the relevant landlord or the Properties in Possession Cover;
- the Originator has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be sold by it to the LLP pursuant to the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and unregistered dispositions which override first registration and unregistered interests which override registered dispositions (as listed in Schedule 1 and Schedule 3 respectively to the Land Registration Act 2002) in the case of any property, interests or rights governed by English law) and the Seller is not in breach of any covenant implied by reason of its selling the relevant Portfolio with full title guarantee or with absolute warrandice or as beneficial owner, as the case may be;

- either the Seller or C&G or any other member of the Lloyds Banking Group has, since the making of or acquisition of each Loan, kept or procured the keeping of full and proper accounts, books and records showing clearly all variations in the relevant financial terms and conditions, transactions, payments, payment holidays, receipts, proceedings and notices relating to such Loan; and
- there are no authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to make the Mortgage Sale Agreement legal, valid, binding, enforceable and admissible in evidence.

Each Loan and its Related Security will be **eligible property** for the purposes of Regulation 2 of the RCB Regulations.

The Seller will make Representations and Warranties (subject to appropriate adjustments) in relation to each Loan which is subject to a Product Switch or Further Advance that remains in the Portfolio on the date on which the relevant Product Switch or Further Advance (as the case may be) is made.

If New Loan Types are proposed to be sold to the LLP, then the Representations and Warranties in the Mortgage Sale Agreement may be modified as required, with the prior consent of the Security Trustee, to accommodate these New Loan Types. The prior consent of the Covered Bondholders to the requisite amendments will not be required to be obtained.

Repurchase of Loans

If the Seller receives a Loan Repurchase Notice from the LLP identifying a Loan or its Related Security in the Portfolio which did not, as at the relevant Sale Date, materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement, then the Seller will be required to repurchase (a) any such Loan and its Related Security and (b) any other Loan secured or intended to be secured by that Related Security or any part of it. The repurchase price payable upon the repurchase of any such Loan is an amount equal to the Current Balance of such Loan(s). The repurchase proceeds received by the LLP will be applied in accordance with the Pre-Acceleration Principal Priority of Payments and, to the extent that such repurchase proceeds comprise Accrued Interest, the Pre-Acceleration Revenue Priority of Payments (see *Cashflows* below).

General ability to repurchase

Prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or an LLP Event of Default and service of an LLP Acceleration Notice, the Seller may from time to time offer to repurchase a Loan and its Related Security from the LLP for a purchase price (not less than zero) equal to the Current Balance of such Loan(s) as at the date of repurchase. The LLP may accept such offer at its discretion. If an Issuer Event of Default has occurred, the Seller's right to repurchase Loans and their Related Security will be conditional upon the delivery by the Seller of a solvency certificate to the LLP and the Security Trustee.

Defaulted Loans

Defaulted Loans will be attributed a reduced weighting in the calculation of the Asset Coverage Test and the Amortisation Test as at the relevant Calculation Date. Prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or an LLP Event of Default and service of an LLP Acceleration Notice, the Seller may, at its option, offer to repurchase a Defaulted Loan and its Related Security from the LLP for an amount equal to its aggregate Current Balance of such Loans as at the date of repurchase. The LLP may accept such offer at its discretion. If an Issuer Event of Default has occurred, the Seller's right to repurchase Defaulted Loans and their Related Security will be conditional upon the delivery by the Seller of a solvency certificate to the LLP and the Security Trustee.

Right of pre-emption

Under the terms of the Mortgage Sale Agreement, the Seller has a right of pre-emption in respect of any sale, in whole or in part, of Selected Loans and their Related Security.

The LLP will serve on the Seller a Selected Loan Offer Notice offering to sell those Selected Loans and their Related Security for an offer price in aggregate equal to (a) where the Selected Loans are offered for sale whilst an Asset Coverage Test Breach Notice is outstanding but prior to service of a Notice to Pay, the then Current Balance of the Selected Loans and (b) where the Selected Loans are offered for sale following service of a Notice to Pay, the greater of the then Current Balance of the Selected Loans and the Adjusted Required Redemption Amount, in each case subject to the offer being accepted by the Seller within 10 London Business Days from and including the date of the Selected Loan Offer Notice. If an Issuer Event of Default has occurred, the Seller's right to accept the offer (and therefore its right of pre-emption) will be conditional upon the delivery by the Seller of a solvency certificate to the LLP and the Security Trustee. If the Seller rejects the LLP's offer or fails to accept it in

accordance with the foregoing, the LLP will offer to sell the Selected Loans and their Related Security to other Purchasers (as described under – *LLP Deed – Sale of Selected Loans and their Related Security following service of a Notice to Pay* below).

If the Seller validly accepts the LLP's offer to sell the Selected Loans and their Related Security, the LLP will, within three London Business Days of such acceptance, serve a Selected Loan Repurchase Notice on the Seller. The Seller will sign and return a duplicate copy of the Selected Loan Repurchase Notice and will repurchase from the LLP free from the Security created by and pursuant to the Deed of Charge the relevant Selected Loans and their Related Security (and any other Loan secured or intended to be secured by that Related Security or any part of it) referred to in the relevant Selected Loan Repurchase Notice. Completion of such repurchase shall take place on the LLP Payment Date next occurring after receipt by the Seller of such Selected Loan Repurchase Notice or such other date as the LLP may direct in the Selected Loan Repurchase Notice (provided that such date, where a Notice to Pay has been served, shall not be later than the earlier to occur of the date which is (a) 10 London Business Days after receipt by the LLP of the returned Selected Loan Repurchase Notice or (b) the Final Maturity Date of, as applicable, the Hard Bullet Covered Bonds or the Earliest Maturing Covered Bonds).

The pre-emption rights offered to the Seller (as described above) are extended to BOS but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default", and in such circumstances, the right of pre-emption offered to BOS will apply to all Selected Loans and their Related Security regardless of whether they are BOS Loans or not.

Product Switches, Further Advances and Flexible Loan Drawings

The Seller is solely responsible for funding all Further Advances and Flexible Loan Drawings in respect of Loans sold by the Seller to the LLP, if any. The Seller will be treated as having made a Capital Contribution in Kind (or in the case of a Payment Holiday funded by the Seller, a Cash Capital Contribution) in an amount equal to the relevant increase of the Current Balance of the Loan, as set out in the LLP Deed.

The LLP may require the Seller to repurchase any Loan and its Related Security in the event of a material breach of any of the Representations or Warranties or if any of those Representations or Warranties proves to be materially untrue in relation to that Loan. If a Loan is subject to a Product Switch or an offer of a Further Advance, then the Seller may offer to repurchase the Loan or Loans under the relevant Mortgage Account and the Related Security from the LLP and the LLP may at its absolute discretion accept such offer. In either case, the sale price will be equal to the aggregate Current Balance of such Loans as at the date of repurchase.

A Loan will be subject to a **Product Switch** if there is a variation in the financial terms and conditions applicable to the relevant Borrower's Loan other than:

- any variation agreed with a Borrower to control or manage arrears on the Loan;
- any variation in the maturity of the Loan;
- any variation imposed by statute; or
- any variation in the frequency with which the interest payable in respect of the Loan is charged.

New Sellers

In the future, New Sellers may accede to the Programme and sell loans and their related security to the LLP. Any such New Seller will be required to enter into a New Mortgage Sale Agreement, which will be in substantially the same form and contain substantially the same provisions as the Mortgage Sale Agreement entered into on the Programme Date between the Seller, the LLP and the Security Trustee. The sale of New Seller Loans and their Related Security by New Sellers to the LLP will be subject to certain conditions, including the following:

- each New Seller accedes to the terms of the LLP Deed as Member (with such subsequent amendments as may be agreed by the parties thereto) so that it has, in relation to those New Seller Loans and their Related Security to be sold by the relevant New Seller, substantially the same rights and obligations as the Seller had in relation to those Loans and their Related Security comprised in the Initial Portfolio under the LLP Deed;
- each New Seller enters into a New Mortgage Sale Agreement with the LLP and the Security Trustee, in each case so that it has, in relation to those New Seller Loans and their Related Security to be sold by such New Seller, substantially the same rights and obligations as the Seller had in relation to those Loans and their Related Security comprised in the Initial Portfolio under the Mortgage Sale Agreement;

- each New Seller accedes to such Transaction Documents and enters into such other documents as may be required by the Security Trustee, the Bond Trustee, the Cash Manager and/or the LLP (in each case acting reasonably) to give effect to the addition of such New Member to the transactions contemplated under the Programme;
- any New Seller Loans and their Related Security sold by a New Seller to the LLP comply with the Eligibility Criteria set out in the New Mortgage Sale Agreement;
- either the Servicer services the New Seller Loans and their Related Security sold by the New Member on the terms set out in the Servicing Agreement (with such subsequent amendments as may be agreed by the parties thereto) or the New Member (or its nominee) enters into a servicing agreement with the LLP and the Security Trustee which sets out the servicing obligations of the New Member (or its nominee) in relation to the New Seller Loans and their Related Security and which is on terms substantially similar to the terms set out in the Servicing Agreement (such that any fees payable to the Servicer or the New Member (or its nominee) acting as servicer of such New Seller Loans and their Related Security would be determined on the date of the accession of such New Member to the Programme); and
- the Security Trustee is satisfied that any modification of the Transaction Documents in order to accommodate the accession of the New Seller to the Programme will not be materially prejudicial to the interests of the relevant Secured Creditors and has obtained a Rating Agency Confirmation in relation thereto.

If the above conditions are met, the consent of Covered Bondholders will not be required in relation to the accession of a New Seller to the Programme.

The Seller may from time to time purchase mortgages originated by another originator which it may on-sell to the LLP in accordance with the Mortgage Sale Agreement.

The Mortgage Sale Agreement is governed by English law (other than certain aspects relating to the Scottish Loans and their Related Security, which are governed by Scots law).

Servicing Agreement

On the Programme Date, C&G was appointed by the LLP as servicer of the Loans in the Portfolio pursuant to the terms of the Servicing Agreement to administer the Loans and their Related Security in the Portfolio.

Pursuant to the Deed of Novation, C&G transferred its role as Servicer to Lloyds Bank plc on 20 April 2012. Currently, Lloyds Bank plc has delegated such functions to BOS (in respect of BOS Loans) as sub-servicer to continue to perform such duties under the Servicing Agreement. Lloyds Bank plc is not released or discharged from any liability as a result of such delegation and remains liable for the performance or non-performance or breach by BOS as sub-servicer of the duties so delegated by Lloyds Bank plc.

Pursuant to the terms of the Servicing Agreement entered into on the Programme Date between the Seller, the LLP, the Servicer and the Security Trustee, the Servicer has agreed to service, on behalf of the LLP, the Loans and their Related Security comprised in the Portfolio.

The Servicer will be required to manage the Loans and their Related Security in accordance with the Servicing Agreement:

(a) as if the Loans and their Related Security sold by the Seller to the LLP had not been sold to the LLP but remained with the Seller or BOS (in respect of the BOS Loans); and

(b) in accordance with the Originator's servicing, arrears and enforcement policies and procedures forming part of the Seller's policy from time to time as they apply to those Loans.

The Servicer's actions in servicing the Loans in accordance with its procedures will be binding on the LLP, the Seller and the other Secured Creditors.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the LLP and the Seller (according to their respective estates and interests) in relation to the Loans and their Related Security that it is servicing pursuant to the terms of the Servicing Agreement, and to do anything which it reasonably considers necessary, convenient or incidental to the management of the Loans and their Related Security.

Right of delegation by the Servicer

The Servicer may from time to time sub-contract or delegate the performance of its duties under the Servicing Agreement, provided that it will nevertheless remain responsible for the performance of those duties to the LLP and the Security Trustee and, in particular, will remain liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor. Any such sub-contracting or delegation may be varied or terminated at any time by the Servicer.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Agreement (and as noted below in item 8, the Cash Management Agreement), the Servicer will undertake in relation to those Loans and their Related Security that it is servicing, *inter alia*, to:

- keep records and books of account on behalf of the LLP in relation to the Loans and their Related Security;
- keep any records necessary for the purposes of all Taxation, including, without limitation, VAT;
- maintain approvals, authorisations, permissions, consents and licences required in order properly to service the loans and their related security and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, consents and licences required in connection with the provision of services under the servicing agreement, and in particular any necessary registrations under the DPA, permissions under the FSMA and licences under the CCA;
- to the extent so required by the relevant Mortgage Conditions and applicable law, notify Borrowers of any change in interest rates, whether due to a change in the LLP Standard Variable Rate or any other Discretionary Rate (defined below) or margin in relation to any Loan sold by the Seller to the LLP and in the Portfolio or as a consequence of any provisions of the Mortgage Conditions. Any change in the LLP Standard Variable Rate or any other Discretionary Rate or margin in relation to any Loan shall be notified in writing to each of the LLP, the Seller and the Security Trustee as soon as reasonably practicable and the Servicer shall, upon receipt of a request from any of such parties, notify such requesting party of any changes in the Monthly Payments in relation to the Loans sold by the Seller to the LLP;
- act as collection agent for the LLP for the purpose of collecting amounts due from Borrowers under the Loans and their Related Security sold by the Seller to the LLP and comprised in the Portfolio. It will deliver to the bankers automated clearing system or to the Account Bank such instructions as may be necessary for the debit of the account of each Borrower in respect of which there is a direct debit mandate with the Monthly Payment due from such Borrower and instructions for the monies received from such Borrower to be credited to the GIC Account on the next London Business Day. Under certain circumstances, alternative payment arrangements that ensure timely payment of monthly payments due from the Borrower may be agreed between the Servicer and the Borrower;
- keep the Customer Files and Title Deeds in its possession in safe custody and maintain records necessary to enforce each Mortgage and to provide the LLP and the Security Trustee with access to the Title Deeds (if any), the Customer Files and other records relating to the management of the Loans and their Related Security in its possession;
- keep and maintain records in respect of the Portfolio for the purposes of identifying amounts paid by each Borrower, any amount due from a Borrower and the Current Balance of each Loan and such other records as would be kept by a Reasonable, Prudent Mortgage Lender;
- assist the Cash Manager in the preparation of an Asset Coverage and Investor Report substantially in the form set out in the Cash Management Agreement which will include information on the Loans and payments in arrears;
- provide to the LLP, the Security Trustee and the Rating Agencies a report on a quarterly basis containing information about the Loans and their Related Security comprised in the Portfolio, and a report on a quarterly basis, in a form agreed with the LLP, the Security Trustee and the Rating Agencies, containing certain information about the individual Loans in the Portfolio;

- provide to the Authorities such information on the composition of the Loans and their Related Security contained in the Portfolio and/or such other information as the Authorities may direct pursuant to the RCB Regulations;
- take all reasonable steps, in accordance with the usual procedures undertaken by a Reasonable, Prudent Mortgage Lender, to recover all sums due to the LLP including, without limitation, the institution of proceedings and/or the enforcement of any Loan sold by the Seller to the LLP comprised in the Portfolio or its Related Security; and
- enforce any Loan which is in default in accordance with the Seller's enforcement procedures or, to the extent that such enforcement procedures are not applicable having regard to the nature of the default in question, with the procedures that would be undertaken by a Reasonable, Prudent Mortgage Lender on behalf of the LLP.

The Servicer (in its capacity as the servicer of the Loans and their Related Security in the Portfolio on behalf of the LLP) will undertake not to agree to a Product Switch or make, or permit to be made, a Further Advance to a Borrower if to do so would cause the LLP to be in contravention of the FSMA. The Seller (in its capacity as such) may agree to a Product Switch or make a Further Advance if it repurchases the Loan that is the subject of the Product Switch or Further Advance in accordance with the Mortgage Sale Agreement and if by doing so the LLP would not thereby be in contravention of the FSMA.

The Servicer also undertakes that, upon the Servicer ceasing to be assigned a long-term, unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 or by Fitch of at least BBB- it will use reasonable endeavours to enter into a new or a master servicing agreement (in such form as the LLP and the Security Trustee shall reasonably require) with a third party within 60 days under which such third party will undertake the servicing obligations in relation to the Portfolio.

Setting of LLP Discretionary Rates

In addition to the undertakings described above, the Servicer has also undertaken in the Servicing Agreement to determine and set, in relation to the Loans in the Portfolio, the LLP Standard Variable Rate and any other Discretionary Rates or margins applicable in relation to the Loans comprising the Portfolio from time to time, except in the limited circumstances described below when the LLP will be entitled to do so. The Servicer will not (except in limited circumstances) at any time set or maintain:

(a) the LLP Standard Variable Rate applicable to any Variable Rate Loan in the Portfolio at a rate which is higher than (although it may be lower than or equal to) the then prevailing Lloyds Bank Standard Variable Rate, the Halifax Standard Variable Rate (in respect of those Halifax Loans included in the Portfolio) which applies to Loans beneficially owned by the Seller or BOS (in respect of the Halifax Loans and the LOB Loans, as applicable) outside the Portfolio; or

(b) any other discretionary rate (together with the Standard Variable Rate, the **Discretionary Rates**) or margin in respect of any other Loan in the Portfolio which is higher than (although it may be lower than or equal to) the interest rate or margin of the Seller, which applies to that type of Loan beneficially owned by the Seller or BOS outside the Portfolio.

In particular, the Servicer shall determine on each Calculation Date immediately preceding each LLP Payment Date, having regard to the aggregate of:

(i) the revenue which the LLP would expect to receive during the next succeeding LLP Payment Period (the **Relevant LLP Payment Period**);

(ii) the LLP Standard Variable Rate and any other Discretionary Rates or margins applicable in respect of the Loans which the Servicer proposes to set for the relevant LLP Payment Period under the Servicing Agreement; and

(iii) the other resources available to the LLP including those under the Interest Rate Swap Agreement, the relevant Covered Bond Swap Agreements and the Reserve Fund,

whether the LLP would receive an amount of revenue during the relevant LLP Payment Period which, when aggregated with the funds otherwise available to it, is less than the amount which is the aggregate of: (1) the amount in respect of interest which would be payable (or provisioned to be paid) under the Intercompany Loan Agreement or, if a Notice to Pay has been served, the Covered Bond Guarantee on each LLP Payment Date falling at the end of the Relevant LLP Payment Period and relevant amounts payable (or provisioned to be paid) to the Covered Bond Swap Providers under the Covered Bond Swap Agreements in respect of all Covered Bonds on the LLP Payment Date falling at the end of the Relevant LLP Payment Period and (2) the other amounts payable by

the LLP ranking in priority thereto in accordance with the relevant Priorities of Payments applicable prior to an LLP Event of Default (the **Interest Rate Shortfall Test**). If the Servicer determines that there will be any shortfall on such Calculation Date (the **Interest Rate Shortfall**), the Interest Rate Shortfall Test shall not be met.

If the Servicer determines that the Interest Rate Shortfall Test will not be met on such Calculation Date, it will within one London Business Day of such determination give written notice to the LLP, the Seller and the Security Trustee of the amount of such Interest Rate Shortfall and of the LLP Standard Variable Rate and/or any other Discretionary Rates or margins applicable which would (taking into account the applicable Mortgage Conditions), in the Servicer's reasonable opinion, need to be set in order for no Interest Rate Shortfall to arise and the Interest Rate Shortfall Test to be met, having regard to the date(s) (which shall be specified in the notice) on which such change to the LLP Standard Variable Rate and/or any other Discretionary Rates or margins would take effect, and at all times acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender, subject to the terms of the underlying Mortgage Conditions, as regards the competing interests of Borrowers with Variable Rate Loans and Borrowers with other relevant Loans. For the avoidance of doubt, any action taken by the Servicer to set the LLP Standard Variable Rate and/or any other applicable Discretionary Rates or margins which are lower than that of the competitors of the Seller will be deemed to be in accordance with the standards of a Reasonable, Prudent Mortgage Lender, subject to the terms of the underlying Mortgage Conditions.

If the LLP notifies the Servicer (copied to the Seller) that, having regard to the obligations of the LLP, the LLP Standard Variable Rate and/or any other Discretionary Rates or margins should be increased, the Servicer shall take all steps which are necessary, including publishing any notice which is required in accordance with the Mortgage Conditions, to effect such change in the LLP Standard Variable Rate and/or any other Discretionary Rates or margins on the date(s) specified in the notice referred to in the paragraph above. In these circumstances the Servicer shall have the right to set the Lloyds Bank Standard Variable Rate and/or the Halifax Standard Variable Rate and/or the Lloyds Standard Variable Rate and/or Discretionary Rates or margins of the Seller or BOS, as the case may be.

In addition, the Servicer shall determine on each Calculation Date following an Issuer Event of Default and if it remains outstanding, having regard to the aggregate of:

(a) the LLP Standard Variable Rate and any other applicable Discretionary Rate or margin which the Servicer proposes to set for the Relevant LLP Payment Period under the Servicing Agreement; and

(b) the other resources available to the LLP under the Interest Rate Swap Agreement,

whether the LLP would receive an aggregate amount of interest on the Loans and amounts under the Interest Rate Swap Agreement during the relevant LLP Payment Period which would give an annual yield on the Loans in the Portfolio of at least 0.300 per cent. plus the SONIA Spot Rate published on the final London Business Day in the previous Calculation Period (the **Yield Shortfall Test**).

If the Servicer determines that the Yield Shortfall Test will not be met on such Calculation Date, it will within one London Business Day of such determination give written notice to the LLP, the Seller and the Security Trustee of the amount of the shortfall and of the LLP Standard Variable Rate and/or any other Discretionary Rates or margins applicable which would (taking into account the applicable Mortgage Conditions), in the Servicer's reasonable opinion, need to be set in order for no shortfall to arise and the Yield Shortfall Test to be met, having regard to the date(s) (which shall be specified in the notice) on which such change to the LLP Standard Variable Rate and/or any other Discretionary Rates or margins applicable in relation to any other Loan sold by the Seller to the LLP and in the Portfolio would take effect, and at all times acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender, subject to the terms of the underlying Mortgage Conditions, as regards the competing interests of Borrowers with Variable Rate Loans and Borrowers with other relevant Loans. For the avoidance of doubt, any action taken by the Servicer to set the LLP Standard Variable Rates and/or any other applicable Discretionary Rates or margins which are lower than that of the competitors of the Seller will be deemed to be in accordance with the standards of a Reasonable, Prudent Mortgage Lender, subject to the terms of the underlying Mortgage Conditions.

If the LLP notifies the Servicer that, having regard to the obligations of the LLP, the LLP Standard Variable Rate and/or any other Discretionary Rates or margins in relation to any Loans sold by the Seller to the LLP and in the Portfolio should be increased, the Servicer shall take all steps which are necessary, including publishing any notice which is required in accordance with the relevant Mortgage Conditions, to effect such change in the LLP Standard Variable Rate and/or any other Discretionary Rates or margins on the date(s) specified in the notice referred to above. In these circumstances the Servicer shall have the right to set the Lloyds Bank Standard Variable Rate and/or the Halifax Standard Variable Rate and/or Lloyds Standard Variable Rate and/or Discretionary Rates or margins of the Seller, subject to the terms of the underlying Mortgage Conditions.

The LLP and/or the Security Trustee may terminate the authority of or any direction to the Servicer to determine and set the LLP Standard Variable Rate and any other applicable Discretionary Rates or margins in relation to any Loans in the Portfolio on or after the occurrence of a Servicer Termination Event as defined under *Removal or resignation of the Servicer* below, in which case the LLP will set the LLP Standard Variable Rate and any other applicable Discretionary Rates or margins in relation to any such Loans in the Portfolio.

Remuneration

The LLP shall pay to the Servicer an administration fee (inclusive of VAT) for its services (the **Administration Fee**). Such Administration Fee shall be calculated in relation to each Calculation Period and shall be payable to the Servicer in arrear on each LLP Payment Date.

Removal or resignation of the Servicer

The LLP (subject to the prior written notice of the Security Trustee) may, upon written notice to the Servicer, terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each a **Servicer Termination Event**) occurs and while such event continues:

- the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of seven London Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Security Trustee or the LLP, as the case may be, requiring the same to be remedied;
- the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Security Trustee is materially prejudicial to the interests of the Covered Bondholders, and the Servicer does not remedy that failure within 20 London Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the LLP or the Security Trustee requiring the Servicer's non-compliance to be remedied;
- an Insolvency Event occurs in relation to the Servicer; or
- the LLP resolves, after due consideration and acting reasonably, that the appointment of the Servicer should be terminated.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' written notice to the Security Trustee and the LLP (or such shorter time as may be agreed between the Servicer, the LLP and the Security Trustee) provided that a substitute servicer qualified to act as such under the FSMA and the CCA and with a management team with experience of administering residential mortgages in the UK has been appointed and enters into a servicing agreement with the LLP substantially on the same terms as the Servicing Agreement. The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Covered Bonds unless the Covered Bondholders agree otherwise by Extraordinary Resolution.

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver the Title Deeds and Customer Files relating to the Loans comprised in the Portfolio in its possession to, or at the direction of, the LLP. The Servicing Agreement will terminate at such time as the LLP has no further interest in any of the Loans or their Related Security serviced under the Servicing Agreement that have been comprised in the Portfolio.

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

The Servicing Agreement is governed by English law and will be made by way of deed.

Asset Monitor Agreement

Under the terms of the Asset Monitor Agreement entered into on the Programme Date between the Asset Monitor, the LLP, the Cash Manager, the Servicer and the Security Trustee, the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Cash Manager to the Asset Monitor, to act as asset pool monitor (as defined in the RCB Regulations) and to conduct tests in respect of the arithmetical accuracy of the calculations performed by the Cash Manager, prior to service of a Notice to Pay or an LLP Acceleration Notice, on the Calculation Date immediately prior to each anniversary of the Programme Date or at such other additional times as may be agreed from time to time with a view to confirmation of compliance by the LLP with the Asset Coverage Test on that Calculation Date. If and for so long as the long-term ratings of the Cash Manager are below Baa3/BBB- (by Moody's or Fitch, respectively) or whilst an Asset Coverage Test Breach Notice is outstanding, the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, be required to conduct such tests following each Calculation Date. Following service of a Notice to Pay (but prior to an LLP

Event of Default or service of an LLP Acceleration Notice), the Asset Monitor will also be required to test the arithmetical accuracy of the calculations performed by the Cash Manager in respect of the Amortisation Test.

Following a determination by the Asset Monitor of any errors in the arithmetical accuracy of the calculations performed by the Cash Manager such that the Asset Coverage Test or the Amortisation Test has been failed on the applicable Calculation Date (where the Cash Manager had recorded it as being satisfied) or the Adjusted Aggregate Loan Amount or the Amortisation Test Aggregate Loan Amount is mis-stated by an amount exceeding one per cent. of the Adjusted Aggregate Loan Amount or the Amortisation Test Aggregate Loan Amount, as applicable (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test), the Asset Monitor will be required to conduct such tests following each Calculation Date for a period of six months thereafter.

The Asset Monitor is entitled, except in certain limited circumstances, to assume that all information provided to it by the Cash Manager for the purpose of conducting such tests is true and correct and is complete and not misleading, and is not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy of any such information. The Asset Monitor Report will be delivered to the Cash Manager, the LLP, the Issuer, the Bond Trustee and the Security Trustee.

As at the Programme Date, the LLP will pay to the Asset Monitor an agreed upon amount for the tests to be performed by the Asset Monitor.

The LLP may, at any time, but subject to the prior written consent of the Security Trustee, terminate the appointment of the Asset Monitor by giving at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the LLP (such replacement to be approved by the Security Trustee (such approval to be given if the replacement is an accountancy firm of national standing)) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement (or substantially similar duties).

The Asset Monitor may, at any time, resign by giving at least 30 days' prior written notice to the LLP and the Security Trustee, and may resign by giving immediate notice in the event of a professional conflict of interest caused by the action of any recipient of its reports.

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

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

The Asset Monitor Agreement is governed by English law.

LLP Deed

The Members of the LLP have agreed to operate the business of the LLP in accordance with the terms of a limited liability partnership deed entered into on the Programme Date between the LLP, the Seller, the Liquidation Member, the Bond Trustee and the Security Trustee (as amended and/or supplemented and/or restated from time to time, the **LLP Deed**). A management board comprised as of the Programme Date of directors, officers and/or employees of the Lloyds Banking Group will manage and conduct the business of the LLP and will have all the rights, power and authority to act at all times for and on behalf of the LLP, subject to certain decisions reserved to the Members in the LLP Deed.

Members

As at the Programme Date, each of the Seller and the Liquidation Member is a member (each a **Member**, and together with any other members from time to time, the **Members**) of the LLP. The Seller and the Liquidation Member are designated members (each a **Designated Member**, and together with any other designated members from time to time, the **Designated Members**) of the LLP. The Designated Members shall have such duties as are specified in the LLPA or otherwise at law and in the LLP Deed. The LLP Deed requires that there will at all times be at least two Designated Members of the LLP.

For so long as Covered Bonds are outstanding, if an administrator or a liquidator is appointed to the Seller or if the Seller disposes of its interest in the Liquidation Member such that the Seller holds less than 20 per cent. of the share capital of the Liquidation Member (without the consent of the LLP and, whilst any Covered Bonds are outstanding, the Security Trustee), the Seller will automatically cease to be a Member of the LLP and the

outstanding balance of the Seller's Capital Contribution to the LLP will be converted into a subordinated debt obligation (the **Issuer Subordinated Loan**) owed by the LLP to Lloyds Bank plc. In these circumstances, the Liquidation Member (acting on behalf of itself and the other Members) will admit a new Member to the LLP (which is a wholly-owned subsidiary of the Liquidation Member) and will appoint such New Member as a Designated Member pursuant to the terms of the LLP Deed (in each case with the prior written consent of the Security Trustee).

Any New Seller that wishes to sell New Seller Loans and their Related Security to the LLP will, amongst other things, be required to become a Member of the LLP and accede to the LLP Deed, amongst other documents. Other than in the case of a New Seller or the replacement of the Seller as a Member in the circumstances outlined in the previous paragraph, no New Member may be appointed without the consent of the Security Trustee and the receipt by the LLP or the Security Trustee of a Rating Agency Confirmation.

Capital Contributions

From time to time the Seller (in its capacity as a Member) will make Capital Contributions to the LLP. Capital Contributions may be made in cash or in kind (e.g. through a contribution of Loans to the LLP). The Capital Contributions of the Seller shall be calculated in Sterling on each Calculation Date as the difference between (a) the Current Balance of Loans in the Portfolio as at the last day of the immediately preceding Calculation Period plus Principal Receipts standing to the credit of the Principal Ledger of the GIC Account plus the principal amount of Substitution Assets and Authorised Investments as at the last day of the immediately preceding Calculation Period and (b) the Sterling Equivalent of the aggregate Principal Amount Outstanding under the Covered Bonds as at the last day of the immediately preceding Calculation Period. The LLP Deed does not impose any limit on the amount of Capital Contributions the Seller (in its capacity as a Member) may make to the LLP from time to time. Cash Capital Contributions will normally be credited to the Principal Ledger on the GIC Account and be applied as Available Principal Receipts. However, the Seller shall be entitled to require that the LLP credits Cash Capital Contributions to the Reserve Ledger on the GIC Account so that they may be applied as Available Revenue Receipts.

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

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

Asset Coverage Test

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

If on any Calculation Date the Adjusted Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds as calculated on the relevant Calculation Date, then the LLP (or the Cash Manager on its behalf) shall notify in writing the Members, the Bond Trustee and the Security Trustee thereof and each Member (other than the Liquidation Member) will use all reasonable endeavours to sell sufficient further Loans and their Related Security to the LLP in accordance with the Mortgage Sale Agreement (see *Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of the Loans and Related Security*), transfer Substitution Assets or provide Cash Capital Contributions in an aggregate amount sufficient to ensure that the Asset Coverage Test is met on the next following Calculation Date. If the Adjusted Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on the next following Calculation Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the LLP and shall send notice of the same to the Authorities pursuant to the RCB Regulations. The Bond Trustee shall revoke an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third Calculation Date following the service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor an LLP Acceleration Notice has been served.

For so long as an Asset Coverage Test Breach Notice is outstanding:

(a) the LLP will be required to sell Selected Loans (as described further under LLP Deed – Sale of Selected Loans and their Related Security whilst an Asset Coverage Test Breach Notice remains outstanding);

(b) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments

will be modified as more particularly described in Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice below; and

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

If an Asset Coverage Test Breach Notice has been served and not revoked on or before the third Calculation Date after service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default shall occur and pursuant to Condition 9.1 (*Issuer Events of Default*) the Bond Trustee shall be entitled (and, in certain circumstances may be required) to serve an Issuer Acceleration Notice. On the occurrence of an Issuer Event of Default, the Bond Trustee shall give notice of the same to the Authorities pursuant to the RCB Regulations. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the LLP.

For the purposes hereof:

Adjusted Aggregate Loan Amount means the amount calculated on each Calculation Date as follows:

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

where,

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

(a) = the sum of the **Adjusted Current Balance** of each Loan in the Portfolio as at the end of the relevant Calculation Period, which shall be the lower of:

(i) the Current Balance of the relevant Loan in the Portfolio as calculated as at the end of the relevant Calculation Period; and

(ii) the Indexed Valuation relating to that Loan multiplied by M (where for all Loans that are not Defaulted Loans, M = 0.75, for all Loans that are Defaulted Loans and have a Current Balance to Indexed Valuation ratio of less than or equal to 75 per cent., M = 0.40 and for all Loans that are Defaulted Loans and have a Current Balance to Indexed Valuation ratio of more than to 75 per cent., M = 0.25),

minus

the aggregate sum of the following deemed reductions to the aggregate Adjusted Current Balance of the Loans in the Portfolio if any of the following occurred during the previous Calculation Period:

(1) a Loan or its Related Security was, in the immediately preceding Calculation Period, identified as being in breach of the Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Adjusted Current Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted Current Balance of the relevant Loan or Loans (as calculated on the relevant Calculation Date) of the relevant Borrower; and/or

(2) the Seller, in the preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Adjusted Current Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the LLP in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the LLP by the Seller and/or the Servicer to indemnify the LLP for such financial loss);

AND

(b) = the aggregate **Arrears Adjusted Current Balance** of the Loans in the Portfolio as at the end of the relevant Calculation Period which shall be the lower of:

(i) the Current Balance of the relevant Loan in the Portfolio as at the end of the relevant Calculation Period; and

(ii) the Indexed Valuation relating to that Loan multiplied by N (where for all Loans that are not Defaulted Loans, N = 1, for all Loans that are Defaulted Loans and have a Current Balance to Indexed Valuation ratio of less than or equal to 75 per cent., N = 0.40 and for all Loans that are Defaulted Loans and have a Current Balance to Indexed Valuation ratio of more than 75 per cent., N = 0.25);

minus

the aggregate sum of the following deemed reductions to the aggregate Arrears Adjusted Current Balance of the Loans in the Portfolio if any of the following occurred during the previous Calculation Period:

(1) a Loan or its Related Security was, in the immediately preceding Calculation Period, identified as being in breach of the Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Arrears Adjusted Current Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Arrears Adjusted Current Balance of the relevant Loan or Loans (as calculated on the relevant Calculation Date) of the relevant Borrower; and/or

(2) the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the immediately preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Arrears Adjusted Current Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the LLP in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the LLP by the Seller and/or the Servicer to indemnify the LLP for such financial loss),

the result of which is multiplied by the Asset Percentage (as defined below);

B = the aggregate amount of any Principal Receipts on the Loans in the Portfolio up to the end of the immediately preceding Calculation Period (as recorded in the Principal Ledger) which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with the LLP Deed and/or the other Transaction Documents (including, for the avoidance of doubt, any amount then standing to the credit of the GIC Account and any Authorised Investments (but without double counting));

C = the aggregate amount of any Cash Capital Contributions made by the Members (as recorded in the Capital Account Ledger of each Member) or proceeds of Term Advances which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with the LLP Deed and/or the other Transaction Documents;

D = the aggregate principal amount of any Substitution Assets as at the relevant Calculation Date;

E = the amount of any Sale Proceeds or Capital Contributions (to the extent not falling within "C" above) otherwise standing to the credit of the GIC Account and credited to the Pre-Maturity Liquidity Ledger as at the relevant Calculation Date;

X = Nil or:

from and after the date that is the earliest of (i) the Issuer's long-term credit rating by Moody's falling below A2; or (ii) the Issuer's long-term credit rating by Fitch falling below A-, 5.0 per cent. (such percentage to be reviewed annually by the Issuer) of the aggregate Current Balance of the Loans in the Portfolio, as calculated on the relevant Calculation Date (or such other percentage as may be set, subject to the Issuer obtaining a Rating Agency Confirmation and notifying the Security Trustee from time to

time). As at the date of this Prospectus, the Issuer has notified the Security Trustee in accordance with the terms of the LLP Deed that the percentage referred to above is 0.6 per cent.;

Y = 8 per cent. ***multiplied by*** the Flexible Draw Capacity (as defined below) ***multiplied by*** 3;

Z = the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding ***multiplied by*** the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds ***multiplied by*** the Negative Carry Factor where the **Negative Carry Factor** is a percentage calculated by reference to the weighted average post Covered Bond Swap margin of the Covered Bonds plus the margin below SONIA payable on the GIC Account and will, in any event, be not less than 0.50 per cent.

Unless otherwise agreed with Fitch and Moody's, the **Asset Percentage** on any Calculation Date shall be the lowest of:

(a) 93.0 per cent.;

(b) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf), being the asset percentage that is necessary to ensure that the Covered Bonds maintain the then current rating assigned to them by Fitch; or

(c) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf) and notified to Moody's and the Security Trustee on such Calculation Date or, where the LLP (or the Cash Manager acting on its behalf) has not notified Moody's and the Security Trustee of the minimum percentage figure on the relevant Calculation Date, on the last date of such notification, as applicable, being the percentage figure that is necessary to ensure that the Covered Bonds achieve an Aaa rating by Moody's using Moody's expected loss methodology (regardless of the actual Moody's rating of the Covered Bonds at the time).

Flexible Draw Capacity means, on a Calculation Date, the amount equal to the excess of (1) the maximum amount that Borrowers may draw under Flexible Loans included in the Portfolio (whether or not drawn) over (2) the aggregate Current Balance in respect of Flexible Loans in the Portfolio on such Calculation Date.

In addition, the LLP or the Cash Manager acting on its behalf may, from time to time, send notification to Moody's and the Security Trustee of the percentage figure selected by it, being the difference between 100 per cent. and the amount of credit enhancement required to ensure that the Covered Bonds achieve an "Aaa" rating by Moody's using Moody's expected loss methodology.

Save where otherwise agreed with Fitch, the Asset Percentage will be adjusted in accordance with the various methodologies to ensure that sufficient credit enhancement will be maintained. Notwithstanding the above, the Asset Percentage may not, at any time, exceed 93.0 per cent. unless otherwise agreed with Fitch.

There is no obligation on the LLP to ensure that an "Aaa" rating is maintained by Moody's and the LLP is under no obligation to change the figure selected by it and notified to Moody's and the Security Trustee in line with the level of credit enhancement required to ensure an "Aaa" rating by Moody's, using Moody's expected loss methodology.

Amortisation Test

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

If on any Calculation Date following service of a Notice to Pay, the Amortisation Test Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on such Calculation Date, then the Amortisation Test will be deemed to be breached and an LLP Event of Default will occur. The LLP or the Cash Manager, as the case may be, will immediately notify the Members, the Security Trustee and, whilst Covered Bonds are outstanding, the Bond Trustee of any breach of the Amortisation Test.

The **Amortisation Test Aggregate Loan Amount** will be calculated on each Calculation Date as follows:

$$A + B + C - Z$$

where,

A = the aggregate **Amortisation Test Current Balance** of each Loan, which shall be the lower of:

(a) the Current Balance of the relevant Loan as at the end of the relevant Calculation Period ***multiplied by*** *M*; and

(b) 100 per cent. of the Indexed Valuation ***multiplied by*** M,

where for all Loans that are not Defaulted Loans M = 1 or for all the Loans that are Defaulted Loans M = 0.7;

B = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Revenue Receipts received in the immediately preceding Calculation Period);

C = the aggregate principal amount of any Substitution Assets; and

Z = the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds ***multiplied by*** the Negative Carry Factor.

Sale of Selected Loans and their Related Security if the Pre-Maturity Liquidity Test is breached

The LLP Deed provides for sales of Selected Loans and their Related Security in circumstances where the Pre-Maturity Liquidity Test has been breached and the Pre-Maturity Liquidity Ledger is not funded by a Cash Capital Contribution by the Seller. The Pre-Maturity Liquidity Test will be breached if the ratings of the Issuer fall below a specified level and a Hard Bullet Covered Bond is due for repayment within a specified period of time thereafter (see further *Credit Structure – Pre-Maturity Liquidity Test* below). The LLP will be obliged to sell the Selected Loans and their Related Security to Purchasers, subject to the rights of pre-emption in favour of the Seller or BOS (but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") to buy the Selected Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement, in accordance with the procedure summarised in *– Method of Sale of Selected Loans* below and subject to any Cash Capital Contribution made by the Members (other than the Liquidation Member). If the Issuer fails to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof, then following the service of a Notice to Pay on the LLP, the proceeds from any sale of Selected Loans or the Cash Capital Contributions standing to the credit of the Pre-Maturity Liquidity Ledger will be applied to repay the relevant Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied as set out in *Credit Structure – Pre-Maturity Liquidity Test* below.

Sale of Selected Loans and their Related Security whilst an Asset Coverage Test Breach Notice remains outstanding

After service of an Asset Coverage Test Breach Notice and for so long as such Asset Coverage Test Breach Notice remains outstanding but prior to service of a Notice to Pay and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, the LLP will be obliged to sell Selected Loans in the Portfolio and their Related Security in accordance with the LLP Deed (as described below), subject to the rights of pre-emption in favour of the Seller or BOS (but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") to buy the Selected Loans and their Related Security pursuant to the Mortgage Sale Agreement and subject to any Cash Capital Contribution made by the Members. The proceeds from any such sale will be credited to the GIC Account and applied as set out in *Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts whilst an Asset Coverage Test Breach Notice is outstanding and prior to service on the LLP of a Notice to Pay, an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security* below.

Sale of Selected Loans and their Related Security following service of a Notice to Pay

After service of a Notice to Pay on the LLP, but prior to service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, the LLP shall sell Selected Loans and their Related Security in the Portfolio in accordance with the LLP Deed (as described below), subject to the rights of pre-emption in favour of the Seller or BOS (but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") to buy the Selected Loans and their Related Security pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be credited to the GIC Account and applied as set out in the Guarantee Priority of Payments.

Method of Sale of Selected Loans

If the LLP is required to sell Selected Loans in the Portfolio and their Related Security to Purchasers following a breach of the Pre-Maturity Liquidity Test, whilst an Asset Coverage Test Breach Notice remains outstanding or following service of a Notice to Pay, the LLP will be required to ensure that:

(a) the Selected Loans have been selected from the Portfolio on a random basis as described in the LLP Deed; and

(b) the Selected Loans have an aggregate Current Balance in an amount (the **Required Current Balance Amount**) which is as close as possible to the amount calculated as follows:

(i) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay), such amount that would ensure that, if the Selected Loans were sold at their Current Balance, the Asset Coverage Test would be satisfied on the next Calculation Date taking into account the payment obligations of the LLP on the LLP Payment Date immediately following that Calculation Date (assuming for this purpose that the Asset Coverage Test Breach Notice is not revoked on or before the next Calculation Date); or

(ii) following a breach of the Pre-Maturity Liquidity Test or service of a Notice to Pay:

$$N \times \frac{\text{Current Balance of all Loans in the Portfolio}}{\text{the Sterling Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where N is an amount equal to:

(A) in respect of Selected Loans being sold following a breach of the Pre-Maturity Liquidity Test, the Sterling Equivalent of the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds less amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds; or

(B) in respect of the Selected Loans being sold following the service of a Notice to Pay, the Sterling Equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the LLP Accounts and the principal amount of any Substitution Assets or Authorised Investments (excluding all amounts to be applied on the next following LLP Payment Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds).

For the avoidance of doubt, the entire Portfolio may comprise Selected Loans.

For the purposes hereof:

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated as follows:

$$\text{the Principal Amount Outstanding of the relevant Series of Covered Bonds} \times (1 + \text{Negative Carry Factor} \times (\text{days to maturity of the relevant Series of Covered Bonds}/365))$$

The LLP will offer the Selected Loans and their Related Security for sale to Purchasers for the best price reasonably available but in any event:

(i) whilst an Asset Coverage Test Breach Notice is outstanding (but prior to service of a Notice to Pay), for an amount not less than the Current Balance of the Selected Loans; and

(ii) following a breach of the Pre-Maturity Liquidity Test or service of a Notice to Pay, for an amount not less than the Adjusted Required Redemption Amount.

For the purposes hereof:

Adjusted Required Redemption Amount means the Sterling Equivalent of:

(a) the Sterling Equivalent of Required Redemption Amount; plus or minus

(b) the Sterling Equivalent of any swap termination amounts (if any) payable under the Covered Bond Swap Agreement by the LLP in respect of the relevant Series of Covered Bonds less (where applicable):

(i) in respect of a sale of Loans in connection with the Pre-Maturity Liquidity Test, amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds; or

(ii) in respect of a sale of Loans following service of a Notice to Pay, amounts standing to the credit of the LLP Accounts and the Sterling Equivalent of the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following LLP Payment Date to pay or repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds; plus or minus;

(c) any swap termination amounts payable to or by the LLP under the Interest Rate Swap Agreement in respect of the relevant Series of Covered Bonds.

Following a breach of the Pre-Maturity Liquidity Test or a service of the Notice to Pay, if the Selected Loans have not been sold (in whole or in part) in an amount at least equal to the Adjusted Required Redemption Amount by the date which is six months prior to, as applicable, the Final Maturity Date of the Earliest Maturing Covered Bonds (where the Earliest Maturing Covered Bonds are not subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee), or the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto) (where the Earliest Maturing Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee) or the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds in respect of a sale in connection with the Pre-Maturity Liquidity Test, then the LLP will offer the Selected Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

Following service of a Notice to Pay, in addition to offering Selected Loans for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the LLP (subject to the rights of pre-emption in favour of the Seller or BOS (but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") pursuant to the Mortgage Sale Agreement) is permitted to offer for sale a portfolio of Selected Loans, in accordance with the provisions summarised above, in respect of other Series of Covered Bonds, provided that any such sale of Selected Loans is for an amount not less than the Adjusted Required Redemption Amount in respect of that Series of Covered Bonds or, where the sale occurs within six months prior to the Final Maturity Date or Extended Due for Payment Date (as applicable) for that Series of Covered Bonds, the best price reasonably available in accordance with the above paragraph.

The LLP is also permitted to offer for sale to Purchasers part of any portfolio of Selected Loans (a **Partial Portfolio**). Except in circumstances where the portfolio of Selected Loans is being sold within six months prior to the Final Maturity Date or, as applicable, if the Covered Bonds subject to an Extended Due for Payment Date in respect of the Series of Covered Bonds to be repaid from such proceeds or, in respect of a sale in connection with the Pre-Maturity Liquidity Test, the Final Maturity Date of the relevant series of Hard Bullet Covered Bonds, the sale price of the Partial Portfolio (as a proportion of the Adjusted Required Redemption Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Loans.

The LLP will through a tender process appoint a portfolio manager of recognised standing approved by the Security Trustee (the **Portfolio Manager**) on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Loans in accordance with the LLP Deed to Purchasers (except where the Seller or BOS (but only after the occurrence of any of the events set out in paragraphs (c) or (f) of the definition of "Issuer Event of Default") is buying the Selected Loans in accordance with its right of pre-emption in the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment of the Portfolio Manager shall be in such form as is approved by the Security Trustee. The Security Trustee shall approve the appointment of the Portfolio Manager if (i) the Portfolio Manager is an investment bank or accountant of recognised standing and (ii) two authorised signatories of the LLP have certified to the Security Trustee that such appointment is on a

basis intended to incentivise the Portfolio Manager to achieve the best price for the sale of the Selected Loans (on terms that are commercially available in the market), which certificate shall be conclusive and binding on all parties.

In respect of any sale or refinancing of Selected Loans and their Related Security for so long as an Asset Coverage Test Breach Notice is outstanding or following service on the LLP of a Notice to Pay, the LLP will instruct the Portfolio Manager to use all reasonable endeavours to procure that Selected Loans are sold as quickly as reasonably practicable and in accordance with its recommendations (which shall take into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the LLP Deed).

The terms of any sale and purchase agreement with respect to the sale or refinancing of Selected Loans and their Related Security will be subject to the prior written approval of the Security Trustee. The Security Trustee will not be required to release the Selected Loans from the Security unless the conditions relating to the release of the Security (as described under – *Deed of Charge – Release of Security* below) are satisfied.

If Purchasers accept the offer or offers from the LLP or the portfolio manager on its behalf so that some or all of the Selected Loans and their Related Security shall be sold prior to the Final Maturity Date of the Earliest Maturing Covered Bonds or the Hard Bullet Covered Bonds or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the LLP will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant Purchasers which will require, *inter alia*, a cash payment from the relevant Purchasers. Any such sale will not include any representations and warranties from the LLP or the Seller in respect of the Loans and their Related Security unless expressly agreed by the Security Trustee and unless otherwise agreed with the Seller.

Covenants of the LLP and the Members

Each of the Members covenants that (amongst other things), subject to the terms of the Transaction Documents, it will not sell, transfer, convey, create or permit to arise any security interest on, declare a trust over, create any beneficial interest in or otherwise dispose of its interest in the LLP without the prior written consent of the LLP and, whilst the Covered Bonds are outstanding, the Security Trustee. Whilst any amounts are outstanding in respect of the Covered Bonds, each of the Members undertakes not to dissolve or purport to dissolve the LLP or institute any winding-up, administration, insolvency or similar proceedings against the LLP.

The LLP covenants that (amongst other things) it will not, save with the prior written consent of the LLP Management Board (and, for so long as any Covered Bonds are outstanding, the consent of the Security Trustee) or as envisaged by or pursuant to the Transaction Documents:

(a) create or permit to subsist any Security Interest (unless arising by operation of law) upon the whole or any part of its assets or undertakings, present or future;

(b) sell, assign, transfer, convey, lend, part with, charge, declare a trust over, create any beneficial interest in or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the Charged Property or any of its interest, estate, right, title or benefit therein or thereto or agree or attempt to purport to do so;

(c) have an interest in a bank account other than the LLP Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to it;

(d) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;

(e) consolidate or merge with any person or convey or transfer its property or assets substantially as an entirety to any other person;

(f) have any employees, premises or subsidiaries;

(g) acquire assets;

(h) engage in any activities in the U.S. (directly or through agents) or derive any income from the U.S. sources as determined under the U.S. income tax principles or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the U.S.;

(i) enter into any contracts, agreements or other undertakings;

(j) compromise, compound or release any debt due to it;

(k) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets; or

(l) be a member of any VAT group.

The LLP and each of the Members further covenants that it will, amongst other things:

(a) ensure that the Asset Pool will only comprise of those assets set out in items (a) to (h) of Regulation 3(1) (Asset Pool) of the RCB Regulations;

(b) ensure that the Loans and the Related Security, the Substitution Assets and the Authorised Investments contained in the Asset Pool comply with the definition of **eligible property** in Regulation 2 (*Eligible Property*) of the RCB Regulations;

(c) keep a record of those assets that form part of the Asset Pool which, for the avoidance of doubt, shall not include any Swap Collateral; and

(d) at all times comply with its obligations under the RCB Regulations and/or the Regulated Covered Bond Sourcebook.

Limit on Investing in Substitution Assets and Authorised Investments

Provided no Asset Coverage Test Breach Notice is outstanding and prior to the service on the LLP of a Notice to Pay, the LLP will be permitted to invest Available Revenue Receipts, Available Principal Receipts and the proceeds of Term Advances in Substitution Assets, provided that the aggregate amount so invested in such Substitution Assets does not exceed 10 per cent. of the total assets of the LLP at any one time and provided that such investments are made in accordance with the terms of the Cash Management Agreement. Placing such amounts in any LLP Account will not constitute an investment in Substitution Assets for these purposes.

For so long as an Asset Coverage Test Breach Notice is outstanding or following service on the LLP of a Notice to Pay, all Substitution Assets must be sold by the LLP (or the Cash Manager on its behalf) as quickly as reasonably practicable and the proceeds credited to the GIC Account and the LLP will be permitted to invest all available moneys in Authorised Investments, provided that such investments are made in accordance with the terms of the Cash Management Agreement.

There is no limit on the amounts that the LLP shall be entitled to invest in Authorised Investments.

Other Provisions

The allocation and distribution of Revenue Receipts, Principal Receipts and all other amounts received by the LLP is described under *Cashflows* below.

The LLP Management Board, comprised as at the Programme Date of directors, officers and/or employees of the Lloyds Banking Group, will act on behalf of the LLP to which (other than certain specified decisions which require a unanimous decision of the Members, including (without limitation) any decision to appoint or remove the auditors of the LLP and determine the remuneration of such auditors, approve the audited accounts of the LLP and the payment of distributions, to make a resolution for the voluntary winding-up of the LLP or to contribute to the losses of the LLP) the Members delegate all matters. Any decision by the LLP Management Board relating to waiving certain indemnities provided to the LLP, any transfer of the whole or any part of or any change in the LLP's business and any change to the LLP's name will be made, whilst any Covered Bonds are outstanding, with the consent of the Security Trustee.

For so long as any Covered Bonds are outstanding, each Member has agreed that it will not dissolve or purport to dissolve the LLP or institute any winding-up, administration, insolvency or other similar proceedings against the LLP. Furthermore, the Members have agreed, *inter alia*, not to demand or receive payment of any amounts payable by the LLP (or the Cash Manager on its behalf) or the Security Trustee unless all amounts then due and payable by the LLP to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full or appropriate provisions have been made for their payment.

Each Member will be responsible for the payment of its own tax liabilities and will be required to indemnify the LLP and the other Members from any liabilities which they incur as a result of the relevant Member's non-payment.

Following the appointment of a liquidator to the Seller or the disposal by the Seller of its interest in the shares of the Liquidation Member (other than with the consent of the LLP and, for as long as any Covered Bonds are outstanding, the Security Trustee), any decisions of the LLP that are reserved to the Members in the LLP Deed shall be made by the Liquidation Member only, the Seller shall cease to be a Member of the LLP and the

Liquidation Member shall become entitled to appoint a Subsidiary of the Liquidation Member as a Member of the LLP.

The LLP Deed is governed by English law.

Cash Management Agreement

The Cash Manager will provide certain cash management services to the LLP pursuant to the terms of the Cash Management Agreement entered into on the Programme Date between the LLP, C&G in its capacity as the Cash Manager and the Security Trustee. On 20 April 2012, C&G novated its role as Cash Manager to Lloyds Bank plc pursuant to the Deed of Novation.

The Cash Manager's services include but are not limited to:

(a) maintaining the Ledgers on behalf of the LLP;

(b) maintaining records of all Authorised Investments and/or Substitution Assets, as applicable;

(c) distributing the Revenue Receipts and the Principal Receipts in accordance with the Priorities of Payment described under *Cashflows* below;

(d) determining whether the Asset Coverage Test is satisfied on each Calculation Date in accordance with the LLP Deed, as more fully described under *Credit Structure – Asset Coverage Test* below;

(e) determining whether the Amortisation Test is satisfied on each Calculation Date following the service of a Notice to Pay in accordance with the LLP Deed, as more fully described under *Credit Structure – Amortisation Test* below;

(f) on each London Business Day, determining whether the Pre-Maturity Liquidity Test for each Series of Hard Bullet Covered Bonds is satisfied as more fully described under *Credit Structure – Pre-Maturity Liquidity Test* below;

(g) providing the Authorities with information on the composition of any Substitution Assets and/or Authorised Investments comprised in the assets of the LLP and/or such other information as may be required in accordance with the RCB Regulations; and

(h) preparation of the Asset Monitor and Investor Report for the Covered Bondholders, the Rating Agencies and the Bond Trustee.

In certain circumstances the LLP and the Security Trustee will each have the right to terminate the appointment of the Cash Manager and to appoint a substitute (the identity of which will be subject to the Security Trustee's written approval). Any substitute cash manager will have substantially the same rights and obligations as the Cash Manager (although the fee payable to the substitute cash manager may be higher).

The Cash Management Agreement is governed by English law.

Interest Rate Swap Agreement

Some of the Loans in the Portfolio from time to time will pay a variable rate of interest for a period of time that may (subject to the Servicer's ability to set the LLP Standard Variable Rate, as to which see *Summary of the Principal Documents – Mortgage Sale Agreement*) either be linked to the Lloyds Bank Standard Variable Rate, the Halifax Standard Variable Rate or the Lloyds Standard Variable Rate, linked to an interest rate other than the Lloyds Bank Standard Variable Rate or the Halifax Standard Variable Rate or the Lloyds Standard Variable Rate, such as SONIA or a rate that tracks the Bank of England base rate. Other Loans will pay a fixed rate of interest for a period of time. However, the Sterling payments to be made by the LLP under each of the Covered Bond Swaps will be based on SONIA and, in addition, the LLP's obligations to make interest payments under the outstanding Term Advances, or (following service on the LLP of a Notice to Pay or an LLP Acceleration Notice) the Covered Bond Guarantee, may be based on SONIA. To provide a hedge against the possible variance between:

(a) the rates of interest payable on the Loans in the Portfolio; and

(b) SONIA,

the LLP, the Interest Rate Swap Provider and the Security Trustee may enter into an Interest Rate Swap in respect of all Series of Covered Bonds under the Interest Rate Swap Agreement.

Under the terms of the Interest Rate Swap, in the event that the relevant rating of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the Interest Rate Swap Agreement (in accordance with the requirements of the Rating Agencies)

for the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations, the Interest Rate Swap Provider will, in accordance with the Interest Rate Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Interest Rate Swap, arranging for its obligations under the Interest Rate Swap to be transferred to an entity with ratings required by the relevant Rating Agency, procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the Interest Rate Swap, or taking such other action (as confirmed by the relevant Rating Agency) as will result in the rating of the Covered Bonds then outstanding following the taking of such action being maintained at, or restored to, the level it was immediately prior to such ratings downgrade. A failure to take such steps will allow the LLP to terminate the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement may also be terminated in certain other circumstances, including (without limitation) pursuant to any other events of default and termination events set out in the Interest Rate Swap Agreement (each referred to as an **Interest Rate Swap Early Termination Event**), including:

- at the option of any party to the Interest Rate Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the Interest Rate Swap Agreement; and
- upon the occurrence of the insolvency of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations, or the merger of the Interest Rate Swap Provider without an assumption of its obligations under the Interest Rate Swap Agreement.

Upon the termination of the Interest Rate Swap pursuant to an Interest Rate Swap Early Termination Event, the LLP or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement.

The amount of this termination payment will be calculated and made in Sterling. Any termination payment made by the Interest Rate Swap Provider to the LLP in respect of the Interest Rate Swap will first be used (prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security) to pay a replacement Interest Rate Swap Provider to enter into a replacement Interest Rate Swap with the LLP, unless a replacement Interest Rate Swap has already been entered into on behalf of the LLP. Any premium received by the LLP from a replacement Interest Rate Swap Provider in respect of a replacement Interest Rate Swap will first be used to make any termination payment due and payable by the LLP with respect to the previous Interest Rate Swap, unless such termination payment has already been made on behalf of the LLP. If the LLP or a Member of the LLP receives any Tax Credits in respect of an Interest Rate Swap prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, payments in respect of such Tax Credits will be used, to the extent provided for in the Interest Rate Swap Agreement, to reimburse the Interest Rate Swap Provider for any gross up in respect of any withholding or deduction made under the Interest Rate Swap Agreement.

Any Swap Collateral Excluded Amounts in respect of the Interest Rate Swap Agreement will be paid to the Interest Rate Swap Provider subject to the terms of the Interest Rate Swap Agreement.

If a withholding or deduction for or on account of taxes is imposed on payments made by the Interest Rate Swap Provider to the LLP under the Interest Rate Swap, the Interest Rate Swap Provider shall always be obliged to gross up those payments so that the amount received by the LLP is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the LLP to the Interest Rate Swap Provider under the Interest Rate Swap, the LLP shall not be obliged to gross up those payments.

The Interest Rate Swap Provider may transfer all its interest and obligations in and under the Interest Rate Swap Agreement to a transferee with the minimum ratings required by each of the Rating Agencies, without any prior written consent of the Security Trustee, subject to certain conditions, including, in certain circumstances, confirmation from the Rating Agencies that the then current ratings of the relevant Series of the Covered Bonds will not be adversely affected.

If the LLP is required to sell Selected Loans in the Portfolio in order to remedy a breach of the Asset Coverage Test following service of an Asset Coverage Test Breach Notice or in order to provide liquidity in respect of any Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the GIC Account) that are Hard Bullet Covered Bonds or has or have the earliest Final Maturity Date as specified in the applicable Final Terms or Pricing Supplement (ignoring any acceleration of amounts due under the Covered Bonds prior to service of an LLP Acceleration Notice) following breach of the Pre-Maturity Liquidity Test or service of a Notice to Pay or an LLP Acceleration Notice, then the LLP may either:

(a) require, by written notice given not more than 20 and not less than 5 local Business Days in advance of the date of the relevant sale, that the Interest Rate Swap in connection with such Selected Loans will partially terminate and any breakage costs payable by or to the LLP in connection with such termination will be taken into account in calculating the Adjusted Required Redemption Amount for the sale of the Selected Loans; or

(b) request that the Interest Rate Swap be partially novated to the Purchaser of such Selected Loans, such that each Purchaser of Selected Loans will thereby become party to a separate interest rate swap transaction with the Interest Rate Swap Provider.

Under the Interest Rate Swap Agreement, recourse in respect of the LLP's obligations are limited to the Charged Property.

The Interest Rate Swap Agreement is (and each Interest Rate Swap thereunder will be) governed by English law.

Covered Bond Swap Agreements

Where Covered Bonds are issued in a currency and/or on an interest rate basis different from the Interest Rate Swap, the LLP may enter into one or more Covered Bond Swaps with one or more Covered Bond Swap Providers and the Security Trustee under the relevant Covered Bond Swap Agreement. Each Covered Bond Swap may be either a **Forward Starting Covered Bond Swap** or a **Non-Forward Starting Covered Bond Swap** and will be governed by a **Covered Bond Swap Agreement** with each such Covered Bond Swap Provider that only governs Covered Bond Swaps related to the relevant Series of Covered Bonds (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**). Where the LLP enters into a Forward Starting Covered Bond Swap, the Term Advances made under the Intercompany Loan will be made in Sterling, regardless of the currency of the relevant Series or Tranche, as applicable, of Covered Bonds.

Each Forward Starting Covered Bond Swap will provide a hedge (after service of a Notice to Pay on the LLP or service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security) against certain interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans and the Interest Rate Swap and amounts payable by the LLP under the Covered Bond Guarantee in respect of the Covered Bonds.

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans and the Interest Rate Swap and amounts payable by the LLP under the Intercompany Loan Agreement (prior to service of a Notice to Pay on the LLP or service of an LLP Acceleration Notice) and under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay on the LLP or service of an LLP Acceleration Notice).

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds.

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the LLP on each Interest Payment Date, after service of a Notice to Pay on the LLP or service of an LLP Acceleration Notice, an amount equal to the relevant portion of the amounts that are payable by the LLP under the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the LLP will periodically pay to the Covered Bond Swap Provider on each Interest Payment Date, after service of a Notice to Pay on the LLP or service of an LLP Acceleration Notice, an amount in Sterling calculated by reference to SONIA plus a spread.

Under the Non-Forward Starting Covered Bond Swaps on the relevant Issue Date, the LLP will (where the relevant Series or Tranche is denominated in a currency other than Sterling) pay to the Covered Bond Swap Provider an amount equal to the relevant portion of the amount received by the LLP under the applicable Term Advance (being the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds) and in return the Covered Bond Swap Provider will pay to the LLP the Sterling Equivalent of that amount. Thereafter, the Covered Bond Swap Provider will pay to the LLP on each Interest Payment Date an amount equal to the relevant portion of the amounts that would be payable by the LLP under either the applicable Term Advance in accordance with the terms of the Intercompany Loan Agreement or the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the LLP will periodically pay to the Covered Bond Swap Provider an amount in Sterling calculated by reference to SONIA plus a spread and, where relevant, the Sterling Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Term Advance in accordance with the Intercompany Loan Agreement.

However, under the terms of each Forward Starting Covered Bond Swap and each Non-Forward Starting Covered Bond Swap, in the event that the Issuer fails to pay the principal amount payable to the Covered Bondholders in

respect of a Series of Covered Bonds on the Final Maturity Date of such Series and the Series has a period of extension (whereby the principal amount due on such series of Covered Bonds is deferred for up to one year), then the LLP will pay an amount to the Covered Bond Swap Provider by reference to SONIA payable on the monthly Interest Payment Date and the Covered Bond Swap Provider will pay to the LLP on each monthly Interest Payment Date an amount equal to the relevant portion of the amounts that would be payable by the LLP under either the applicable Term Advance in accordance with the terms of the Intercompany Loan Agreement or the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series of Covered Bonds.

Under the terms of each Forward Starting Covered Bond Swap and each Non-Forward Starting Covered Bond Swap, in the event that the relevant rating of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the relevant Covered Bond Swap Agreement (in accordance with the requirements of the Rating Agencies) for the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations, the Covered Bond Swap Provider will, in accordance with the relevant Covered Bond Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Covered Bond Swap, arranging for its obligations under the Covered Bond Swap to be transferred to an entity with the ratings required by the relevant Rating Agency, procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the Covered Bond Swap Agreement, or taking such other action (which may include taking no action) as will result in the rating of the Covered Bonds then outstanding following the taking of such action being maintained at, or restored to, the level it was at immediately prior to such ratings downgrade. In addition, if the net exposure of the LLP against the Covered Bond Swap Provider under the relevant Covered Bond Swap exceeds the threshold specified in the relevant Covered Bond Swap Agreement, the Covered Bond Swap Provider may be required to provide collateral for its obligations. A failure to take such steps will, subject to certain conditions, allow the LLP to terminate the Covered Bond Swap(s).

A Covered Bond Swap Agreement may also be terminated in certain other circumstances, including (without limitation) pursuant to any other events of default and termination events set out in the relevant Covered Bond Swap Agreement (each referred to as a **Covered Bond Swap Early Termination Event**), including:

- at the option of any party to the Covered Bond Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under such Covered Bond Swap Agreement; and
- upon the occurrence of an insolvency of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations, or the merger of the Covered Bond Swap Provider without an assumption of its obligations under the relevant Covered Bond Swap Agreement.

Upon the termination of a Covered Bond Swap, the LLP or the Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant Covered Bond Swap Agreement. The amount of this termination payment will be calculated and made in the termination currency specified in the relevant Covered Bond Swap Agreement. Any termination payment made by the Covered Bond Swap Provider to the LLP in respect of a Covered Bond Swap will first be used (prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security) to pay a replacement Covered Bond Swap Provider to enter into a replacement Covered Bond Swap with the LLP, unless a replacement Covered Bond Swap has already been entered into on behalf of the LLP. Any premium received by the LLP from a replacement Covered Bond Swap Provider in respect of a replacement Covered Bond Swap will first be used to make any termination payment due and payable by the LLP with respect to the previous Covered Bond Swap, unless such termination payment has already been made on behalf of the LLP. If the LLP or a Member of the LLP receives any Tax Credits in respect of a Covered Bond Swap, payments in respect of such Tax Credits will be used, to the extent provided for in the relevant Covered Bond Swap Agreement, to reimburse the relevant Covered Bond Swap Provider for any gross up in respect of any withholding or deduction made under the relevant Covered Bond Swap Agreement.

Any Swap Collateral Excluded Amounts in respect of a Covered Bond Swap Agreement will be paid to the Covered Bond Swap Provider subject to the terms of the relevant Covered Bond Swap Agreement.

If a withholding or deduction for or on account of taxes is imposed on payments made by the Covered Bond Swap Provider to the LLP under a Covered Bond Swap, the Covered Bond Swap Provider shall always be obliged to gross up those payments so that the amount received by the LLP is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the LLP to the Covered Bond Swap Provider under a Covered Bond Swap, the LLP shall not be obliged to gross up those payments.

The Covered Bond Swap Provider may transfer all its interest and obligations in and under the relevant Covered Bond Swap Agreement to a transferee with the minimum ratings required by each of the Rating Agencies, without any prior written consent of the Security Trustee, subject to certain conditions, including, in certain circumstances, confirmation from the Rating Agencies that the then current ratings of the relevant Series of the Covered Bonds will not be adversely affected.

In the event that the Covered Bonds are redeemed and/or cancelled in accordance with the Terms and Conditions, the Covered Bond Swap(s) in connection with such Covered Bonds will terminate or partially terminate, as the case may be. Any breakage costs payable by or to the LLP in connection with such termination will be taken into account in calculating:

(a) the Adjusted Required Redemption Amount for the sale of Selected Loans; and

(b) the purchase price to be paid for any Covered Bonds purchased by the LLP in accordance with Condition 6.9.

Under any Covered Bond Swap Agreement, recourse in respect of the LLP's obligations will be limited to the Charged Property.

The Covered Bond Swap Agreements are (and each Covered Bond Swap thereunder, will be) governed by English law.

Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement entered into on the Programme Date between the LLP, the Account Bank, the Cash Manager, the GIC Provider and the Security Trustee, the LLP will maintain with the GIC Provider the GIC Account and with the Account Bank a Transaction Account and (where appropriate) the Swap Collateral Account(s), which will be operated in accordance with the Cash Management Agreement, the LLP Deed, the Deed of Charge and the relevant Swap Agreements. The GIC Provider has agreed to pay interest on the moneys standing to the credit of the GIC Account at specified rates determined in accordance with the Bank Account Agreement and the Guaranteed Investment Contract.

All amounts received from Borrowers in respect of Loans in the Portfolio will be transferred to the GIC Account and credited to the Revenue Ledger or the Principal Ledger, as the case may be and as set out in the Cash Management Agreement. On each LLP Payment Date, as applicable, amounts required to meet the claims of the LLP's various creditors and amounts to be distributed to the Members under the LLP Deed will be transferred from the Revenue Ledger, the Principal Ledger, the Reserve Ledger or the Capital Account Ledger, as applicable, to the Transaction Account and applied by the Cash Manager pursuant to the Cash Management Agreement and in accordance with the Priorities of Payments described below under *Cashflows.*

The GIC Account, the Transaction Account and the Swap Collateral Accounts may be required to be transferred to an alternative bank in certain circumstances, including if the Account Bank fails to have any of the Account Bank Required Ratings.

The Bank Account Agreement is governed by English law.

Corporate Services Agreement

The LLP, the Liquidation Member and Holdings have entered into a Corporate Services Agreement with CSC Management Services (UK) Limited (formerly known as Intertrust Management Limited) (as **Corporate Service Provider**) on the Programme Date, pursuant to which the Corporate Services Provider has agreed to provide corporate services to the LLP, the Liquidation Member and Holdings respectively.

The Corporate Services Agreement is governed by English law.

Issuer-ICSDs Agreement

The Issuer has entered into an Issuer-ICSDs Agreement with Euroclear Bank S.A./N.V. and Clearstream Banking SA (the **ICSDs**) in respect of any Covered Bonds issued in NGCB form. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such NGCBs, maintain their respective portion of the issue outstanding amount through their records.

The Issuer-ICSDs Agreement is governed by English law.

Deed of Charge

Pursuant to the terms of the Deed of Charge entered into on the Programme Date by the LLP, the Security Trustee and the other Secured Creditors, the obligations of the LLP under or pursuant to the Transaction Documents to

which it is a party are secured, *inter alia*, by the following security (the **Security**) over the following property, assets and rights (the **Charged Property**):

(a) a first ranking fixed charge (which may take effect as a floating charge) over the LLP's interest in the English Loans and their Related Security and other related rights comprised in the Portfolio;

(b) an assignation in security of the LLP's interest in the Scottish Loans and their Related Security (comprising the LLP's beneficial interest under the trusts declared by the Seller pursuant to the Scottish Declarations of Trust);

(c) an assignment by way of first fixed security over all of the LLP's interests, rights and entitlements under and in respect of the Transaction Documents (other than the Deed of Charge and any Scottish Declaration of Trust) to which it is a party;

(d) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the LLP in the LLP Accounts (including the Excess Proceeds) and any other account of the LLP and all amounts standing to the credit of the LLP Accounts and such other accounts;

(e) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the LLP in respect of all Authorised Investments and Substitution Assets purchased from time to time from amounts standing to the credit of the LLP Accounts;

(f) a first floating charge over (i) all the assets and undertaking of the LLP governed by English law and not, from time to time, subject to any fixed charge in favour of the Security Trustee pursuant to the Deed of Charge and (ii) all the assets and undertaking of the LLP located in or governed by Scots law (whether or not subject to any fixed charge as aforesaid); and

(g) an assignment by way of first fixed security (or to the extent not assignable, charges by way of first fixed charge) over all of its rights, title, interest and benefit in the CCA Trust Property.

In respect of the property, rights and assets referred to in paragraph (b) above, fixed security will be created over such property, rights and assets sold to the LLP after the Programme Date by means of Scottish Supplemental Charges pursuant to the Deed of Charge. In the event of the delivery of Scottish transfers pursuant to the Mortgage Sale Agreement, the LLP will deliver Scottish Sub-Securities in respect of the Scottish Loans and their related Scottish Mortgages then in the Portfolio to the Security Trustee.

Release of Security

In the event of any sale of Loans (including Selected Loans) and their Related Security by the LLP pursuant to and in accordance with the Transaction Documents, the Security Trustee will (subject to the written request of the LLP and at the cost and expense of the Seller), release those Loans and their Related Security from the Security created by and pursuant to the Deed of Charge on the date of such sale but only if:

(i) in the case of the sale of Selected Loans, the Security Trustee provides its prior written consent to the terms of such sale as described under – *LLP Deed – Method of Sale of Selected Loans* above;

(ii) the LLP provides a certificate to the Security Trustee that such sale of Loans and their Related Security has been made in accordance with the terms of the Transaction Documents; and

(iii) in the case of the sale of Selected Loans, the LLP provides to the Security Trustee a certificate confirming that the Selected Loans being sold have been selected on a random basis.

In the event of the repurchase of a Loan and its Related Security by the Seller pursuant to and in accordance with the Transaction Documents, the Security Trustee will (subject to the written request of the Servicer, acting on behalf of the LLP and at the cost and expense of the Issuer) release that Loan and its Related Security from the Security created by and pursuant to the Deed of Charge on or prior to the date of the repurchase.

Enforcement

If an LLP Acceleration Notice is served on the LLP, the Security Trustee shall be entitled to, and shall if so directed by the Bond Trustee (for so long as any Covered Bonds are outstanding), appoint a Receiver, and/or enforce the Security constituted by the Deed of Charge (including selling the Portfolio), and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction. All proceeds (other than any Tax Credit (including, for the avoidance of doubt, any amounts received by the LLP from a Member in respect of Tax Credits), Third Party Amount, Swap Provider Tax Payment or Swap Collateral Excluded Amounts) received by the Security Trustee or any Receiver from the enforcement or realisation of the Security will be applied in accordance with the Post-Enforcement Priority of Payments described under *Cashflows.*

Fees and expenses

The Issuer and, after the service of a Notice to Pay on the LLP, the LLP, will pay certain fees to the Security Trustee and will reimburse it for all its costs and expenses properly incurred in acting as Security Trustee and in addition shall indemnify it in respect of all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses suffered as a result of the Issuer (or, following service of a Notice to Pay on the LLP, the LLP) failing to perform any of its obligations under the Transaction Documents.

Any remuneration, costs and expenses paid by the LLP to the Security Trustee shall be paid subject to and in accordance with the relevant Priorities of Payments, as applicable.

The Security Trustee may, in certain circumstances undertake duties of an exceptional nature or otherwise outside the scope of its normal duties as set out in the Deed of Charge, in which case the Issuer or the LLP shall pay to the Security Trustee such additional remuneration as shall be agreed between the Security Trustee and the LLP.

Neither the Issuer nor the LLP will be responsible under the Deed of Charge for any liabilities, losses, damages, costs or expenses resulting from the fraud, gross negligence or wilful default on the part of the Security Trustee or any of its officers, employees and advisers.

Retirement and removal

The Security Trustee may retire at any time upon giving not less than three calendar months' prior notice to the LLP, provided, however, that the retirement or removal of any Security Trustee shall not become effective unless there remains at least one Security Trustee in office upon such retirement or removal. The power of appointing a new Security Trustee and removing the Security Trustee or any new Security Trustee shall be vested in the LLP, provided that such appointment or removal must be approved by (i) an Extraordinary Resolution of the Covered Bondholders of all Series taken together as a single Series and (ii) each Secured Creditor. Any appointment of a new Security Trustee and any retirement or removal of an existing Security Trustee under the Deed of Charge shall as soon as practicable thereafter be notified by the LLP to the Secured Creditors.

Governing Law

The Deed of Charge is governed by English law (other than the assignation in security referred to in paragraph (b) above and any Scottish Supplemental Charge granted after the Programme Date pursuant and supplemental to the Deed of Charge and any Scottish Sub-Security which will, in each case, be governed by Scots law).

Intercompany Mortgage Sale Agreement

BOS Loans and their Related Security will be sold by BOS to Lloyds Bank plc from time to time pursuant to the terms of the Intercompany Mortgage Sale Agreement entered into on or about 20 April 2012 between Bank of Scotland plc, Lloyds Bank plc, the LLP and the Security Trustee. Lloyds Bank plc may from time to time then on-sell such Halifax Loans and their Related Security to the LLP in accordance with the terms of the Mortgage Sale Agreement.

Transfer of title of the BOS Loans to Lloyds Bank plc

English Loans which are BOS Loans will be sold by BOS to Lloyds Bank plc by way of equitable assignment. Scottish Loans which are BOS Loans will be sold by BOS to Lloyds Bank plc by way of a Scottish Declaration of Trust, on the first date such Scottish Loans which are BOS Loans are sold by BOS to Lloyds Bank plc and, in relation to Scottish Loans which are BOS Loans sold by BOS to Lloyds Bank plc after such first sale date, by further Scottish Declarations of Trust under which the beneficial interest in such Scottish Loans which are BOS Loans will be transferred to Lloyds Bank plc. In relation to Scottish Loans which are BOS Loans, references in this document to a sale or equitable assignment of BOS Loans or to BOS Loans having been sold or equitably assigned are to be read as references to the making of such Scottish Declarations of Trust in respect of Scottish Loans which are BOS Loans. For the avoidance of doubt, in relation to Scottish Loans which are BOS Loans, references in this document to a legal assignment of BOS Loans or to BOS Loans having been legally assigned are to be read as references to the granting of assignations of such Scottish Loans which are BOS Loans pursuant to the Intercompany Mortgage Sale Agreement. The beneficial title to all of the BOS Loans and their Related Security (as opposed to the legal title) cannot be registered at the Land Registry or, as applicable, recorded in the Registers of Scotland. As a result, legal title to all of the BOS Loans and their Related Security will remain with BOS until legal assignments or assignations (as appropriate) are effected by BOS to Lloyds Bank plc or, as the case may be, the LLP and notice of the sale is given by BOS to the underlying borrowers. Legal assignment or assignation (as appropriate) of the BOS Loans and their Related Security (including, where appropriate, their registration or recording in the relevant property register) to Lloyds Bank plc or, as the case may be, the LLP will be deferred and will only take place in the limited circumstances described in the paragraph below. The

Intercompany Mortgage Sale Agreement provides that, in the limited circumstances described in the paragraph below, where Lloyds Bank plc has given notice to BOS that Lloyds Bank plc has on-sold such BOS Loans and their Related Security to the LLP under the terms of the Mortgage Sale Agreement, legal assignment or assignation (as appropriate) of such on-sold BOS Loans and their Related Security will be made directly to the LLP (rather than Lloyds Bank plc).

The assignments, assignations, transfers or conveyances (as appropriate) of the BOS Loans and their Related Security to Lloyds Bank plc shall be perfected by BOS or (pursuant to powers granted under the BOS Power of Attorney) Lloyds Bank plc or (where certain BOS Loans and their Related Security have been sold by Lloyds Bank plc to the LLP in accordance with the Mortgage Sale Agreement) the LLP and/or the Security Trustee, as the case may be, on or before the 20th London Business Day after the earliest to occur of:

(a) any of BOS, the LLP or the Security Trustee being required to perfect legal title to the BOS Loans and their Related Security, or procure any or all of the acts referred to in Clause 6 of the Intercompany Mortgage Sale Agreement, by an order of a court of competent jurisdiction, or by a regulatory authority to which the BOS is subject or any organisation whose members comprise, but are not necessarily limited to, mortgage lenders with whose instructions it is customary for BOS to comply;

(b) it becoming necessary by law to take such actions;

(c) BOS calling for perfection by serving notice in writing to that effect on Lloyds Bank plc and/or the LLP and the Security Trustee, where BOS has been notified by Lloyds Bank plc of the assignment or transfer by Lloyds Bank plc of its rights in the relevant Mortgages to the LLP in accordance with the Mortgage Sale Agreement;

(d) the date on which the Seller or BOS ceases to be assigned a long-term unsecured, unsubordinated debt obligation rating from Moody's of at least Baa3 or a long-term unsecured, unsubordinated and unguaranteed credit rating by Fitch of at least BBB-; or

(e) the occurrence of either an Insolvency Event in relation to the Seller or BOS.

Pending completion of the transfer, the right of Lloyds Bank plc (or the LLP, where Lloyds Bank plc has on-sold such BOS Loans to the LLP in accordance with the terms of the Mortgage Sale Agreement) to exercise the powers of the legal owner of, or (in Scotland) the heritable creditor under, the Loans will be secured by, or (in Scotland) supported by, an irrevocable power of attorney granted by BOS in favour of Lloyds Bank plc and (but only in respect of those BOS Loans and their Related Security which have been subsequently sold to the LLP in accordance with the terms of the Mortgage Sale Agreement) the LLP and the Security Trustee.

The Title Deeds (if any) and Customer Files relating to the Loans in the Portfolio will be held by or to the order of BOS or by solicitors, licensed conveyancers or (in Scotland) qualified conveyancers acting for BOS in connection with the creation of the BOS Loans and their Related Security, save for Title Deeds (if any) held at the Land Registry or the Registers of Scotland or the Registry of Deeds. BOS will undertake that all the Customer Files and Title Deeds relating to the Loans in the Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Security Trustee or as the Security Trustee may direct.

The Intercompany Mortgage Sale Agreement is governed by English law (other than certain aspects relating to the Scottish Loans and their Related Security, which are governed by Scots law).

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The LLP has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until service of a Notice to Pay on the LLP following service by the Bond Trustee of an Issuer Acceleration Notice or, if earlier, following the occurrence of an LLP Event of Default and service by the Bond Trustee of an LLP Acceleration Notice. The Issuer will not be relying on payments by the LLP in respect of the Term Advances or receipt of Revenue Receipts or Principal Receipts from the Portfolio in order to pay interest or repay principal under the Covered Bonds.

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

- the Covered Bond Guarantee provides credit support to the Issuer;
- the Pre-Maturity Liquidity Test is intended to provide liquidity to the LLP in respect of principal due on the Final Maturity Date of Hard Bullet Covered Bonds;
- the Asset Coverage Test is intended to test the asset coverage of the LLP's assets in respect of the Covered Bonds outstanding at all times;
- the Amortisation Test is intended to test the asset coverage of the LLP's assets in respect of the Covered Bonds following service of a Notice to Pay on the LLP;
- if the Issuer's short-term ratings fall below F1+ by Fitch or P-1 by Moody's, Available Revenue Receipts will be trapped in the Reserve Fund; and
- under the terms of the Guaranteed Investment Contract, the GIC Provider has agreed to pay a variable rate of interest on all amounts held by the LLP in the GIC Account equal to a daily compounded SONIA rate minus 0.115 per cent. in respect of an LLP Payment Period.

Certain of these factors are considered more fully in the remainder of this section.

In addition, the Issuer is required to comply with certain statutory tests pursuant to the RCB Regulations, as to which see further "*Description of the UK Regulated Covered Bond Regime*".

Covered Bond Guarantee

The Covered Bond Guarantee provided by the LLP under the Trust Deed guarantees payment of Guaranteed Amounts when the same become Due for Payment in respect of all Covered Bonds issued under the Programme. The Covered Bond Guarantee will not guarantee any amount becoming payable for any other reason, including any payment obligation of the Issuer being accelerated pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*) following the service of a Notice to Pay. In this circumstance (and until an LLP Event of Default occurs and an LLP Acceleration Notice is served), the LLP's obligations will only be to pay the Guaranteed Amounts as they fall Due for Payment. However, should any payments made by the LLP under the Covered Bond Guarantee be subject to any withholding or deduction on account of taxes, duties, or other charges of whatever nature imposed or levied by or on behalf of the UK or by any authority therein or thereof having the power to tax, the LLP will not be obliged to pay any additional amount as a consequence.

See further *Summary of the Principal Documents – Trust Deed* as regards the terms of the Covered Bond Guarantee. See further *Cashflows – Guarantee Priority of Payments* as regards the payment of amounts payable by the LLP to Covered Bondholders and other Secured Creditors following service of a Notice to Pay.

Pre-Maturity Liquidity Test

Certain Series of Covered Bonds are scheduled to be redeemed in full on the Final Maturity Date therefor without any provision for scheduled redemption other than on the Final Maturity Date (the **Hard Bullet Covered Bonds**). The applicable Final Terms or Pricing Supplement will identify whether any Series of Covered Bonds is a Series of Hard Bullet Covered Bonds. The Pre-Maturity Liquidity Test is intended to provide liquidity for the Hard Bullet Covered Bonds when the Issuer's credit ratings fall to a certain level. On each Pre-Maturity Liquidity Test Date prior to the occurrence of an Issuer Event of Default or the occurrence of an LLP Event of Default, the LLP or the Cash Manager on its behalf will determine whether the Issuer is in compliance with the Pre-Maturity Liquidity Test in respect of any Series of Hard Bullet Covered Bonds, and if it is not, it shall immediately notify the Members, the Seller and the Security Trustee thereof and if the Cash Manager makes such determination on the LLP's behalf, the Cash Manager shall immediately notify the LLP.

The Issuer will fail and be in breach of the **Pre-Maturity Liquidity Test** on a Pre-Maturity Liquidity Test Date if:

(a) the Issuer's (i) long-term credit rating by Moody's is lower than A2; and (ii) short-term credit rating by Moody's is lower than P-1 and in either case the Final Maturity Date of the Series of Hard Bullet Covered Bonds occurs within 12 months from the relevant Pre-Maturity Liquidity Test Date; or

(b) the Issuer's short-term credit rating by Fitch is lower than F1 and the Final Maturity Date of the Series of Hard Bullet Covered Bonds occurs within 12 months from the relevant Pre-Maturity Liquidity Test Date.

Following a breach of the Pre-Maturity Liquidity Test in respect of a Series of Covered Bonds, the LLP shall offer to sell Selected Loans and their Related Security to Purchasers, subject to:

(a) any Cash Capital Contribution made by the Members (other than the Liquidation Member) from time to time; and

(b) any right of pre-emption in favour of the Seller and BOS pursuant to the terms of the Mortgage Sale Agreement,

provided that an Issuer Event of Default shall occur 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 relevant parties have not taken the required actions (as described above) following that breach within the earlier to occur of (i) 10 Business Days from the date that the Seller and the LLP 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, such that by the end of such period, there shall be an amount equal to the Sterling Equivalent of the Required Redemption Amount of that Series of Hard Bullet Covered Bonds standing to the credit of the Pre-Maturity Liquidity Ledger (after taking into account the Sterling Equivalent of the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds). The method for selling Selected Loans and their Related Security is described in *Summary of the Principal Documents - The LLP Deed - Sale of Selected Loans and their Related Security if the Pre-Maturity Liquidity Test is breached* above. The proceeds of sale of Selected Loans and their Related Security and/or the proceeds of any Cash Capital Contribution as described above, will be recorded to the Pre-Maturity Liquidity Ledger or the relevant Capital Account Ledger(s), respectively, on the GIC Account.

In certain circumstances, Available Revenue Receipts will also be available to repay a Hard Bullet Covered Bond, as described in *Cashflows - Pre-Acceleration Revenue Priority of Payments* below.

Failure by the Issuer and/or the LLP to pay the full amount due in respect of a Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof will constitute an Issuer Event of Default. Following service of a Notice to Pay on the LLP, the LLP shall apply funds standing to the Pre-Maturity Liquidity Ledger to repay the relevant Series of Hard Bullet Covered Bonds. If the Issuer fully repays the relevant Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof, cash standing to the credit of the Pre-Maturity Liquidity Ledger on the GIC Account shall be applied by the LLP in accordance with the Pre-Acceleration Principal Priority of Payments, unless:

(a) the Issuer is failing the Pre-Maturity Liquidity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case the cash will remain on the Pre-Maturity Liquidity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds; or

(b) the Issuer is not failing the Pre-Maturity Liquidity Test, but the LLP Management Board elects to retain the cash on the Pre-Maturity Liquidity Ledger in order to provide liquidity for any future Series of Hard Bullet Covered Bonds.

Amounts standing to the credit of the Pre-Maturity Liquidity Ledger following the repayment of the Hard Bullet Covered Bonds as described above may, except where the LLP Management Board has elected or is required to retain such amounts on the Pre-Maturity Liquidity Ledger, also be used to repay the corresponding Term Advance and distribute any excess Available Principal Receipts back to the Members on dates other than LLP Payment Dates, subject to the LLP making provision for higher ranking items in the Pre-Acceleration Principal Priority of Payments.

Asset Coverage Test

The Asset Coverage Test is intended to ensure that the LLP can meet its obligations under the Covered Bond Guarantee and senior ranking expenses which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding. Under the LLP Deed, the LLP and its Members (other than the Liquidation Member) must ensure that on each Calculation Date the Adjusted Aggregate Loan Amount will be in an amount equal to or in excess of the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. If on any Calculation Date the Adjusted Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount

Outstanding of the Covered Bonds each Member of the LLP (other than the Liquidation Member) will use all reasonable endeavours to sell sufficient further Loans and their Related Security to the LLP in accordance with the Mortgage Sale Agreement (see *Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of the Loans and Related Security*), transfer in Substitution Assets or provide Cash Capital Contributions in an aggregate amount sufficient to ensure that the Asset Coverage Test is met on the next following Calculation Date. If the Adjusted Aggregate Loan Amount is not equal to, or greater than, the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on the next following Calculation Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the LLP. The Asset Coverage Test is a formula which adjusts the Current Balance of each Loan in the Portfolio and has further adjustments to take account of (i) other assets owned by the LLP, (ii) set-off on a Borrower's current or deposit accounts held with the relevant Originator, (iii) set-off associated with drawings made by Borrowers under Flexible Loans, (iv) the potential carry cost if the Loans and their Related Security were sold and cash proceeds thereof were invested in the GIC Account until the maturity of the relevant Covered Bonds and (v) failure by the Seller, in accordance with the Mortgage Sale Agreement, to repurchase Defaulted Loans or Loans that do not materially comply with the Representations and Warranties on the relevant Sale Date. See further *Summary of the Principal Documents – LLP Deed – Asset Coverage Test*, above.

An Asset Coverage Test Breach Notice will be revoked if, on any Calculation Date falling on or prior to the third Calculation Date following the service of the Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor an LLP Acceleration Notice has been served.

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

The Issuer is additionally required to ensure that the principal amount of the eligible property in the Asset Pool is greater than 108 per cent. of the Principal Amount Outstanding of the Covered Bonds in accordance with the terms of the RCB Regulations. The Issuer must also ensure that over a twelve month period the interest received on the eligible property must be equal to or greater than interest due on the Covered Bonds. See further "*Description of the UK Regulated Covered Bond Regime*".

Amortisation Test

The Amortisation Test is intended to ensure that if, following service of a Notice to Pay on the LLP (but prior to service on the LLP of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security), the assets of the LLP available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, an LLP Event of Default will occur and all amounts owing under the Covered Bonds may be accelerated. Under the LLP Deed, the LLP and its Members (other than the Liquidation Member) must ensure that, on each Calculation Date following service of a Notice to Pay on the LLP, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. The Amortisation Test is a formula which adjusts the Current Balance of each Loan in the Portfolio and has further adjustments to take account of Loans in arrears, other assets held by the LLP and the potential carry cost if the Loans and their Related Security were sold and cash proceeds thereof were invested in the GIC Account until the maturity of the relevant Covered Bonds. See further *Summary of the Principal Documents – LLP Deed – Amortisation Test* above.

Reserve Fund

If at any time prior to the occurrence of an Issuer Event of Default, the Issuer's short-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated F1+ by Fitch or P-1 by Moody's, the LLP will be required to credit Available Revenue Receipts to the Reserve Fund up to an amount equal to the Reserve Fund Required Amount. The LLP will not be required to maintain the Reserve Fund following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice.

The Reserve Fund Required Amount will be funded from Available Revenue Receipts after the LLP has paid all of its obligations in respect of items ranking higher than the Reserve Ledger in the Pre-Acceleration Revenue Priority of Payments on each LLP Payment Date.

A Reserve Ledger will be maintained by the Cash Manager to record the balance from time to time of the Reserve Fund. Following the occurrence of an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay on the LLP, amounts standing to the credit of the Reserve Fund will be added to certain other income of the LLP in calculating Available Revenue Receipts.

The Seller may also direct the LLP to credit any Cash Capital Contributions it makes to the LLP to the Reserve Ledger. The balance on the Reserve Ledger in excess of the Reserve Fund Required Amount will form part of Available Revenue Receipts and be applied accordingly.

CASHFLOWS

As described above under *Credit Structure*, until a Notice to Pay or an LLP Acceleration Notice is served on the LLP, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment (whether under a corresponding Term Advance or otherwise) from the LLP.

This section summarises the Priorities of Payments of the LLP, as to the allocation and distribution of amounts standing to the credit of the LLP Accounts and their order of priority:

(a) prior to service on the LLP of an Asset Coverage Test Breach Notice, a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security;

(b) for so long as an Asset Coverage Test Breach Notice remains outstanding, but prior to service of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security;

(c) following service of a Notice to Pay, but prior to service of an LLP Acceleration Notice and/or the realisation of the Security and/or the commencement of winding-up proceedings in respect of the LLP; and

(d) following service of an LLP Acceleration Notice, the realisation of the Security and/or the commencement of winding-up proceedings against the LLP.

Allocation and distribution of Available Revenue Receipts whilst no Asset Coverage Test Breach Notice is outstanding and prior to the service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security

Provided no Asset Coverage Test Breach Notice is outstanding, prior to the service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security and whilst amounts are outstanding in respect of the Covered Bonds, Available Revenue Receipts shall be applied as described below.

On the Calculation Date immediately preceding each LLP Payment Date, the LLP, or the Cash Manager on its behalf, shall calculate:

(a) the amount of Available Revenue Receipts available for distribution on the immediately following LLP Payment Date;

(b) the Reserve Fund Required Amount; and

(c) where the Pre-Maturity Liquidity Test has been breached in respect of a Series of Hard Bullet Covered Bonds, on each Calculation Date falling in the Pre-Maturity Liquidity Test Breach Period, whether or not the amount standing to the credit of the Pre-Maturity Liquidity Ledger at such date is less than the Sterling Equivalent of the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds at such date (after deducting from the balance standing to the credit of the Pre-Maturity Liquidity Ledger such amounts as are then required to repay any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).

Pre-Acceleration Revenue Priority of Payments

On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will transfer Available Revenue Receipts from the Revenue Ledger and the Reserve Ledger, as applicable, to the Transaction Account, in an amount equal to the lower of (a) the amount required to make the payments described below (taking into account any Available Revenue Receipts standing to the credit of the Transaction Account) and (b) the amount of Available Revenue Receipts standing to the credit of the GIC Account.

Provided no Asset Coverage Test Breach Notice is outstanding, prior to the service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security and whilst amounts are outstanding in respect of Covered Bonds, Available Revenue Receipts as calculated on the immediately preceding Calculation Date shall be applied by the LLP (or the Cash Manager on its behalf) on each LLP Payment Date (except for amounts due to the Bond Trustee and the Security Trustee or to other third parties by the LLP or the Issuer under paragraphs (a) and (b) or Third Party Amounts, which shall be paid when due) in making the following payments and provisions (the **Pre-Acceleration Revenue**

Priority of Payments) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first,* in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts then due and payable or to become due and payable to the Bond Trustee in the immediately succeeding LLP Payment Period (including remuneration payable to it) under the provisions of the Trust Deed together with interest and applicable VAT (or other similar taxes) thereto to the extent provided therein; and

(ii) all amounts then due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Security Trustee (including remuneration payable to it) under the provisions of the Deed of Charge together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein;

(b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any amounts then due and payable by the LLP to third parties and incurred without breach by the LLP of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in the relevant Priorities of Payments) and to provide for any such amounts expected to become due and payable by the LLP in the immediately succeeding LLP Payment Period and to pay or discharge any liability of the LLP for Taxes and stamp duties; and

(ii) any remuneration and other amounts (including costs and expenses) due and payable in the immediately succeeding LLP Payment Period to the Agents pursuant to the terms of the Agency Agreement, together with applicable VAT (or other similar taxes) thereof to the extent provided therein;

(c) *third*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due and payable or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the immediately succeeding LLP Payment Period, together with applicable amounts in respect of VAT (or other similar Taxes) thereon as provided therein;

(ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due and payable or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement in the immediately succeeding LLP Payment Period, together with applicable VAT (or other similar Taxes) thereon as provided therein;

(iii) amounts (if any) then due and payable in the immediately succeeding LLP Payment Period to the Account Bank and GIC Provider (including costs) pursuant to the terms of the Bank Account Agreement or to the GIC Provider pursuant to the Guaranteed Investment Contract together with applicable VAT (or other similar Taxes) thereon to the extent provided therein;

(iv) amounts then due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement together with applicable VAT (or other similar Taxes) thereon to the extent provided therein;

(v) amounts (if any) due and payable to the Authorities in respect of fees owed to the Authorities under the RCB Regulations (other than the initial registration fees); and

(vi) amounts then due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement (other than the amounts referred to in paragraph (i) below), together with applicable amounts in respect of VAT (or other similar Taxes) thereon to the extent provided therein;

(d) *fourth*, in or towards payment on the LLP Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine, of any amount due or to become due and payable to the Interest Rate Swap Provider (including any termination payment due and payable by the LLP under the Interest Rate Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such

amounts have been paid out of any premium received from the relevant replacement Interest Rate Swap Provider) pursuant to the terms of the Interest Rate Swap Agreement;

(e) *fifth,* in or towards payment *pro rata* or *pari passu* on the LLP Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine (and in the case of any such payment or provision, after taking into account any provisions previously made and any amounts received or receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) received or receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine), of:

(i) any amounts then due or to become due and payable to the relevant Covered Bond Swap Providers (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Covered Bond Swap Providers) pursuant to the terms of the relevant Covered Bond Swap Agreement; and

(ii) any amounts due or to become due and payable in the next LLP Payment Period (excluding principal amounts), *pro rata* and *pari passu* in respect of each relevant Term Advance, to the Issuer pursuant to the terms of the Intercompany Loan Agreement;

(f) *sixth,* if the LLP is required to make a deposit to the Pre-Maturity Liquidity Ledger in accordance with the LLP Deed, towards a credit to the GIC Account with a corresponding credit to that Ledger of an amount up to but not exceeding the difference between:

(i) the Sterling Equivalent of the Required Redemption Amount as calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and

(ii) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after deducting from that Ledger the Sterling Equivalent of the Required Redemption Amounts of all other Series of Hard Bullet Covered Bonds as calculated on that Calculation Date which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;

(g) *seventh,* if a Servicer Termination Event has occurred, all remaining Available Revenue Receipts to be credited to the GIC Account (with a corresponding credit to the Revenue Ledger) until such Servicer Termination Event is either remedied or waived by the Security Trustee or a new servicer is appointed to service the Portfolio (or the relevant part thereof);

(h) *eighth*, in or towards a credit to the Reserve Ledger on the GIC Account of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Calculation Date;

(i) *ninth*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the LLP to each Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement and to the Interest Rate Swap Provider under the Interest Rate Swap Agreement;

(j) *tenth*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any indemnity amount due to the Members pursuant to the LLP Deed and certain costs, expenses and indemnity amounts due to the Asset Monitor pursuant to the Asset Monitor Agreement;

(k) *eleventh*, to pay all remaining Available Revenue Receipts except for an amount equal to the profit to be paid to the Members in accordance with paragraph (l) below to the Seller in or towards payment of Deferred Consideration due to the Seller for the transfer of the Loans and their Related Security to the LLP; and

(l) *twelfth*, towards payment *pro rata* and *pari passu* to the Members of a certain sum (specified in the LLP Deed) by way of fees and as their profit for their respective interests as Members in the LLP.

Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under the Interest Rate Swap Agreement on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, to make payments

(other than in respect of principal) due and payable *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap Agreement or, as the case may be, to the Issuer in respect of each relevant Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine unless an Asset Coverage Test Breach Notice has been served and remains outstanding in which case the provisions under *Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts whilst an Asset Coverage Test Breach Notice is outstanding and Prior to Service on the LLP of a Notice to Pay, an LLP Acceleration Notice and/or the commencement of Winding-Up Proceedings against the LLP and/or realisation of the Security* shall apply.

Any amounts (other than in respect of principal and other than Swap Collateral Excluded Amounts) received by the LLP under a Covered Bond Swap on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, to make payments (other than principal) due and payable to the Issuer in respect of each relevant Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine unless an Asset Coverage Test Breach Notice has been served and remains outstanding.

Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under the Interest Rate Swap Agreement and any amounts (other than in respect of principal and other than Swap Collateral Excluded Amounts) received by the LLP under the Covered Bond Swap Agreements on or after the LLP Payment Date but prior to the next following LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (e)(ii) above or the preceding two paragraphs will be credited to the Revenue Ledger on the GIC Account and applied as Available Revenue Receipts on the next succeeding LLP Payment Date.

If any Swap Collateral Available Amounts are received by the LLP on an LLP Payment Date, such amounts shall be applied by the LLP or by the Cash Manager on its behalf on that LLP Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

For the avoidance of doubt, an Asset Coverage Test Breach Notice will be "outstanding" from the time it is served on the LLP until the time it is revoked.

Allocation and distribution of Available Principal Receipts whilst no Asset Coverage Test Breach Notice is outstanding and prior to the service of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security

Provided no Asset Coverage Test Breach Notice is outstanding, prior to the service on the LLP of a Notice to Pay, an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, Available Principal Receipts will be applied as described below.

On each Calculation Date, the LLP (or the Cash Manager on its behalf) shall calculate the amount of Available Principal Receipts available for distribution on the immediately following LLP Payment Date.

On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will transfer funds from the GIC Account to the Transaction Account, in an amount equal to the lower of (a) the amount required to make the payment or credits described below (taking into account any Available Principal Receipts standing to the credit of the Transaction Account) and (b) the amount of Available Principal Receipts standing to the credit of the GIC Account.

If an LLP Payment Date is an Interest Payment Date, then distribution of Available Principal Receipts under the Pre-Acceleration Principal Priority of Payments will be delayed until the Issuer has made Scheduled Interest and/or principal payments under the Covered Bonds on that Interest Payment Date save as provided in the LLP Deed.

Pre-Acceleration Principal Priority of Payments

Provided no Asset Coverage Test Breach Notice is outstanding, prior to the service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, all Available Principal Receipts (other than those Cash Capital Contributions made from time to time by the Seller in its capacity as Member which are to be applied as Revenue Receipts) as calculated on the immediately preceding Calculation Date will be applied by or on behalf of the LLP on each LLP Payment Date in making the following payments or provisions or credits in the following order of priority (the

Pre-Acceleration Principal Priority of Payments) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

(a) *first,* if the Pre-Maturity Liquidity Test is breached in respect of a Series of Hard Bullet Covered Bonds, to credit all Principal Receipts to the Pre-Maturity Liquidity Ledger in an amount up to but not exceeding the difference between:

(i) the Sterling Equivalent of the Required Redemption Amount calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and

(ii) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after deducting from that Ledger the Sterling Equivalent of the Required Redemption Amounts of all other Series of Hard Bullet Covered Bonds as calculated on that Calculation Date which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;

(b) *second,* to acquire New Loans and their Related Security offered to the LLP by the Seller in accordance with the terms of the Mortgage Sale Agreement and/or to acquire Substitution Assets in an amount sufficient to ensure that, taking into account the other resources available to the LLP, the LLP will be in compliance with the Asset Coverage Test on the next Calculation Date;

(c) *third,* to deposit the remaining Available Principal Receipts in the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, taking into account the other resources available to the LLP, the LLP will be in compliance with the Asset Coverage Test on the next Calculation Date;

(d) *fourth,* in or towards repayment *pro rata* or *pari passu* on the LLP Payment Date or to provide for repayment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine (and in the case of any such payment or provision, after taking into account any provisions previously made and, if applicable, any principal amounts received or receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine):

(i) the amounts (in respect of principal) due or to become due and payable to the relevant Covered Bond Swap Providers *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (but, for the avoidance of doubt, excluding any Excluded Swap Termination Amount) pursuant to the terms of the relevant Covered Bond Swap Agreement; and

(ii) any amounts (in respect of principal) due or to become due and payable, *pro rata* and *pari passu* in respect of each relevant Term Advance, to the Issuer pursuant to the terms of the Intercompany Loan Agreement;

(e) *fifth*, to acquire (or to provide for the acquisition of) New Loans and their Related Security offered to the LLP by the Seller in accordance with the terms of the Mortgage Sale Agreement and/or to acquire Substitution Assets and/or credit the GIC Account as the Cash Manager may determine; and

(f) *sixth,* subject to complying with the Asset Coverage Test, to make a Capital Distribution *pro rata* and *pari passu* to each Member (other than the Liquidation Member) in proportion to each such Member's Capital Contribution as calculated on the immediately preceding Calculation Date (or, if Lloyds Bank plc is not then a Member, towards repayment of the Issuer Subordinated Loan) in accordance with the LLP Deed.

Any amounts in respect of principal received by the LLP under a Covered Bond Swap on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date (provided that all principal amounts outstanding under the related Series of Covered Bonds which have fallen due for repayment on such date have been repaid in full by the Issuer), to make payments in respect of principal due and payable to the Issuer in respect of the corresponding Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine, unless an Asset Coverage Test Breach Notice has been served on the LLP and remains outstanding. Any amounts of principal (other than Swap Collateral Excluded Amounts) received by the LLP under the Covered Bond Swap Agreements on the LLP Payment Date or any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (c) above or the preceding sentence will be credited to the Principal Ledger on the relevant LLP Account and applied as Available Principal Receipts on the next succeeding LLP Payment Date.

Any Cash Capital Contributions made by Lloyds Bank plc (in its capacity as Member) other than those deemed to be Revenue Receipts or Principal Receipts from time to time shall, unless an Asset Coverage Test Breach Notice has been served and remains outstanding, be distributed to Lloyds Bank plc as a Capital Distribution.

Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts whilst an Asset Coverage Test Breach Notice is outstanding and prior to service on the LLP of a Notice to Pay, an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security

For so long as an Asset Coverage Test Breach Notice is outstanding, but prior to the service on the LLP of a Notice to Pay, an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security, all Available Revenue Receipts and Available Principal Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments, respectively, save that, whilst any Covered Bonds remain outstanding, no moneys will be applied under paragraph (e)(i) (to the extent only that such amounts are payable to the Members), (j), (k) or (l) of the Pre-Acceleration Revenue Priority of Payments or paragraphs (b), (d)(ii), (e) or (f) of the Pre-Acceleration Principal Priority of Payments.

Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay

At any time after service of a Notice to Pay, but prior to service on the LLP of an LLP Acceleration Notice and/or the commencement of winding-up proceedings in respect of the LLP, and/or realisation of the Security, and whilst amounts are outstanding in respect of Covered Bonds, all Available Revenue Receipts and Available Principal Receipts standing to the credit of the LLP Accounts will be applied as described below under *Guarantee Priority of Payments*.

On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will transfer Available Revenue Receipts and Available Principal Receipts from the Revenue Ledger, the Reserve Ledger, the Principal Ledger or the Capital Account Ledger, as the case may be, to the Transaction Account, in an amount equal to the lower of (a) the amount required to make the payments set out in the Guarantee Priority of Payments and (b) the amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of such ledgers on the LLP Accounts.

The LLP (or the Cash Manager on its behalf) shall create and maintain ledgers for each Series of Covered Bonds and record amounts allocated to such Series of Covered Bonds in accordance with paragraph (e) and (f) of the *Guarantee Priority of Payments* below, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the Covered Bond Swap in respect of the relevant Series of Covered Bonds on the scheduled payment dates therefor.

Guarantee Priority of Payments

As set out in the Cash Management Agreement, if a Notice to Pay is served on the LLP in connection with the Pre-Maturity Liquidity Test (as set out in the LLP Deed), the LLP shall on the relevant Final Maturity Date apply all moneys standing to the credit of the Pre-Maturity Liquidity Ledger (and transferred to the Transaction Account on the relevant LLP Payment Date) to repay the relevant Series of Hard Bullet Covered Bonds in accordance with the LLP Deed (as described in *Credit Structure — Pre Maturity Liquidity*). Subject thereto, on each LLP Payment Date after the service on the LLP of a Notice to Pay but prior to service on the LLP of an LLP Acceleration Notice and/or the commencement of winding-up proceedings in respect of the LLP and/or realisation of the Security, the LLP (or the Cash Manager on its behalf) will apply Available Revenue Receipts and Available Principal Receipts as calculated on the immediately preceding Calculation Date to make the following payments and provisions in the following order of priority (the **Guarantee Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first,* in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts then due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Bond Trustee (including remuneration payable to it) under the provisions of the Trust Deed together with interest and applicable amounts in respect of VAT (or other similar Taxes) thereon to the extent provided therein; and

(ii) all amounts due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Security Trustee (including remuneration payable to it) under the provisions of the Deed of Charge together with interest and applicable amounts in respect of VAT (or other similar Taxes) thereon to the extent provided therein;

(b) *second,* in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration and other amounts (including costs and expenses) then due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Agents pursuant to the Agency Agreement together with applicable VAT (or other similar Taxes) thereon to the extent provided therein; and

(ii) any amounts then due and payable by the LLP to third parties and incurred without breach by the LLP of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in the relevant Priorities of Payments) and to provide for any such amounts expected to become due and payable by the LLP in the immediately succeeding LLP Payment Period and to pay or discharge any liability of the LLP for taxes;

(c) *third,* in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due and payable or to become due and payable to the Servicer pursuant to the terms of the Servicing Agreement in the immediately succeeding LLP Payment Period together with applicable amounts in respect of VAT (or other similar Taxes) thereon to the extent provided therein;

(ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due and payable or to become due and payable to the Cash Manager pursuant to the terms of the Cash Management Agreement in the immediately succeeding LLP Payment Period together with applicable VAT (or other similar Taxes) thereon to the extent provided therein;

(iii) amounts (if any) due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Account Bank and the GIC Provider (including any costs) pursuant to the terms of the Bank Account Agreement and the Guaranteed Investment Contract, together with applicable VAT (or other similar Taxes) thereon to the extent provided therein;

(iv) amounts due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Corporate Services Provider pursuant to the Corporate Services Agreement together with applicable VAT (or other similar Taxes) thereon to the extent provided therein;

(v) amounts (if any) due and payable to the Authorities in respect of fees owed to the Authorities under the RCB Regulations (other than the initial registration fees) together with applicable VAT (or other similar taxes) thereon; and

(vi) amounts due and payable or to become due and payable in the immediately succeeding LLP Payment Period to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement (other than the amounts referred to in paragraph (k) below), together with applicable VAT (or other similar Taxes) thereon to the extent provided therein;

(d) *fourth,* in or towards payment of any amount due to the Interest Rate Swap Provider (including any termination payment due or to become due and payable by the LLP under the Interest Rate Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Interest Rate Swap Provider) pursuant to the terms of the Interest Rate Swap Agreement;

(e) *fifth,* to pay *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) the amounts due or to become due and payable in the immediately succeeding LLP Payment Period to the relevant Covered Bond Swap Provider (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreements, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Covered Bond Swap Provider) pursuant to the terms of the relevant Covered Bond Swap Agreement; and

(ii) to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* Scheduled Interest that is Due for Payment (or will become Due for Payment in the immediately succeeding LLP Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds,

but, in the case of any such payment or provision, after taking into account any amounts received or receivable from the Interest Rate Swap Provider in respect of the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) received or receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or in the immediately succeeding LLP Payment Period provided that if the amount available for distribution under this paragraph (e) (excluding any amounts received or to be received from the relevant Covered Bond Swap Providers) would be insufficient to pay the Sterling Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider in respect of each relevant Covered Bond Swap under sub-paragraph (i) above shall be reduced by the amount of the shortfall applicable to the Series Covered Bonds in respect of which such payment is to be made;

(f) *sixth,* to pay or provide for *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) the amounts (in respect of principal) due or to become due and payable to the relevant Covered Bond Swap Provider (or to become due and payable in the immediately succeeding LLP Payment Period) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (but for the avoidance of doubt excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) pursuant to the terms of the relevant Covered Bond Swap Agreement; and

(ii) to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* Scheduled Principal that is Due for Payment (or will become Due for Payment in the immediately succeeding LLP Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds,

but, in the case of any payment or provision, after taking into account any principal amounts received or receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or in the immediately succeeding LLP Payment Period, provided that if the amount available for distribution under this paragraph (f) (excluding any amounts received or to be received from the relevant Covered Bond Swap Provider) would be insufficient to pay the Sterling Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds under sub-paragraph (i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(g) *seventh*, in respect of any Series of Covered Bonds to which an Extended Due for Payment Date applies and whose Final Redemption Amount was not paid in full by the Extension Determination Date (the **Extended Covered Bonds**) and any relevant Covered Bonds Swap in respect thereof, on a *pro rata* and *pari passu* basis according to the respective amounts thereof:

(i) the amounts (in respect of principal) due and payable (or to become due and payable in the immediately succeeding LLP Payment Period) to each relevant Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (but for the avoidance of doubt excluding any Excluded Termination Amount) pursuant to the terms of the relevant Covered Bond Swap Agreement; and

(ii) to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* the Final Redemption Amount or the relevant proportion thereof under the relevant Covered Bond Guarantee in respect of each relevant Series of Extended Covered Bonds,

but, in the case of any such payment, after taking into account any amounts (in respect of principal) received or receivable from the relevant Covered Bond Swap Provider in respect of the relevant Covered Bond Swap corresponding to the Extended Covered Bonds on the LLP Payment Date or in the immediately succeeding LLP Payment Period, provided that if the amount available for distribution under this paragraph (g) (excluding any amounts received or to be received from the relevant Covered Bond Swap Provider) would be insufficient to pay the Sterling Equivalent of the Final Redemption Amount in respect of each relevant Series of Extended Covered Bonds under sub-paragraph (ii) above, the shortfall

shall be divided amongst all such Series of Extended Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider under each relevant Covered Bond Swap Agreement in respect of each relevant Series of Extended Covered Bonds under sub-paragraph (g)(i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(h) *eighth,* to deposit the remaining moneys in the GIC Account for application on the next following LLP Payment Date in accordance with the priority of payments described in paragraphs (a) to (g) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);

(i) *ninth*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the LLP to each Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement and to the Interest Rate Swap Provider under the Interest Rate Swap Agreement;

(j) *tenth*, after the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds) any remaining moneys will be applied in and towards repayment in full of amounts outstanding under the Intercompany Loan Agreement;

(k) *eleventh*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any indemnity amount due to the Members pursuant to the LLP Deed (and, if Lloyds Bank plc is not then a Member of the LLP, towards repayment of the Issuer Subordinated Loan) and certain costs, expenses and indemnity amounts due by the LLP to the Asset Monitor pursuant to the Asset Monitor Agreement; and

(l) *twelfth*, thereafter any remaining moneys will be applied in accordance with Clause 21 of the LLP Deed.

Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under the Interest Rate Swap Agreement after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payment made on any preceding LLP Payment Date, to make payments (other than in respect of principal) due and payable *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreements or, as the case may be, to the Issuer in respect of Scheduled Interest that is Due for Payment (or will become Due for Payment) under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds.

Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under a Covered Bond Swap Agreement (whether or not in respect of principal) on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payment made on any preceding LLP Payment Date, to make payments of interest or principal, as the case may be, in respect of the relevant Series of Covered Bonds under the Covered Bond Guarantee.

Any amounts (other than Swap Collateral Excluded Amounts) received under the Interest Rate Swap Agreement or any Covered Bond Swap Agreement on or after the LLP Payment Date but prior to the next following LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (e), (f) or (g) above or the preceding two paragraphs will be credited to the Revenue Ledger or the Principal Ledger (as appropriate) on the GIC Account (as appropriate) and applied as Available Revenue Receipts or Available Principal Receipts, as the case may be, on the next succeeding LLP Payment Date.

If any Swap Collateral Available Amounts are received by the LLP on an LLP Payment Date, such moneys shall be applied by the LLP or by the Cash Manager on its behalf on that LLP Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

Termination payments received in respect of Swaps, premiums received in respect of replacement Swaps and Tax Credits received in respect of Swaps

If the LLP receives any termination payment from a Swap Provider in respect of a Swap, such termination payment will first be used (prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security) to pay a replacement Swap Provider to enter into a replacement Swap with the LLP, unless a replacement Swap has already been entered into on behalf of the LLP. If the LLP receives any premium from a replacement Swap Provider in respect of a replacement Swap, such premium will first be used to make any termination payment due and payable by the LLP with respect to the previous Swap, unless such termination payment has already been made on behalf of the LLP.

Application of moneys received by the Security Trustee following service of an LLP Acceleration Notice and enforcement or realisation of the Security and/or the commencement of winding-up proceedings against the LLP

Under the terms of the Deed of Charge, all moneys received or recovered by the Security Trustee or any Receiver (other than any Tax Credit, Third Party Amount, Swap Provider Tax Payment or Swap Collateral Excluded Amount) following the enforcement or realisation of the Security and/or the commencement of winding-up proceedings against the LLP, shall be held on trust to be applied (save to the extent required otherwise by law), in the following order of priority (the **Post-Enforcement Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts due and payable or to become due and payable to:

(A) the Bond Trustee under the provisions of the Trust Deed together with interest and applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made to the extent provided therein; and

(B) the Security Trustee and any Receiver appointed by the Security Trustee under the provisions of the Deed of Charge together with interest and applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made to the extent provided therein;

(ii) any remuneration then due and payable to the Agents under or pursuant to the Agency Agreement together with applicable VAT (or other similar Taxes) thereon to the extent provided therein;

(iii) amounts in respect of:

(A) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding LLP Payment Period under the provisions of the Servicing Agreement, together with applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made to the extent provided therein;

(B) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding LLP Payment Period under the provisions of the Cash Management Agreement, together with applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made to the extent provided therein;

(C) amounts due to the Account Bank and the GIC Provider (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement and the Guaranteed Investment Contract, together with applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made to the extent provided therein; and

(D) amounts (including costs and expenses) due to the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement together with applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made to the extent provided therein;

(iv) any amounts due and payable to the Interest Rate Swap Provider (including any termination payment, but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Interest Rate Swap Agreement;

(v) all amounts due and payable:

(A) to the relevant Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(B) the amounts due and payable under the Covered Bond Guarantee, to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of interest and principal due and payable on each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (v) (excluding any amounts received from any Covered Bond Swap Provider) would be insufficient to pay the Sterling Equivalent of the amounts due and payable under the Covered Bond Guarantee in respect of each Series of Covered Bonds under sub-paragraph (B) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider in respect of each relevant Series of Covered Bond Swap under sub-paragraph (A) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(b) *second,* in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the LLP under the Covered Bond Swap Agreements and the Interest Rate Swap Agreement;

(c) *third,* in or towards payment of all amounts outstanding under the Intercompany Loan Agreement *pro rata* and *pari passu* in respect of each relevant Term Advance;

(d) *fourth,* in or towards payment of any indemnity amount due to the Members pursuant to the LLP Deed; and

(e) *fifth,* in or towards payment to the Members (and, if Lloyds Bank plc is not then a Member of the LLP, towards repayment of the Issuer Subordinated Loan) pursuant to the LLP Deed.

If the LLP receives any Tax Credits in respect of a Swap Agreement following the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, such Tax Credits will be used to reimburse the relevant Swap Provider for any gross-up in respect of any withholding or deduction made under the relevant Swap Agreement. Following the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, any Swap Collateral Excluded Amounts in respect of a Swap Agreement will be returned to the relevant Swap Provider subject to the terms of the relevant Swap Agreement, and any Third Party Amounts will be returned to the Seller.

The above Post-Enforcement Priority of Payments is subject to the provisions of Regulations 28 and 29 of the RCB Regulations. In particular, costs properly incurred by a receiver, liquidator, provisional liquidator or manager of the LLP in relation to:

(i) persons providing services for the benefit of Covered Bondholders (which is likely to include the persons listed in paragraph (a) above (excluding the Swap Providers));

(ii) the Swap Providers in respect of amounts due to them under paragraph (a) above; and

(iii) any other persons providing a loan to the LLP to enable it to meet the claims of Covered Bondholders or the costs of the people described in (i) and (ii) above (e.g. liquidity loans),

shall be expenses which shall be payable out of the proceeds of realisation of the Security (in the case of a receivership) or the assets of the LLP (in the case of an administration, winding-up or provisional liquidation) and shall rank equally among themselves in priority to all other expenses (including the claims of Covered Bondholders). See further *Risk Factors – Expenses of insolvency officeholders*.

FURTHER INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Certain Regulatory Considerations

Regulated Mortgage Contracts

In the UK, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the date known as the **Regulation Effective Date**). Residential mortgage lending under the FSMA is regulated by the FCA (known before 1 April 2013 as the FSA). Entering into as a lender, arranging or advising in respect of and administering regulated mortgage contracts and agreeing to do any of those activities are (subject to applicable exemptions), regulated activities under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the **RAO**) requiring authorisation and permission from the FCA.

The original definition of a regulated mortgage contract was such that if a mortgage contract was entered into on or after the Regulation Effective Date but prior to 21 March 2016, or originated prior to the Regulation Effective Date but materially varied after the Regulation Effective Date such that a new contract is entered into, it will be a **regulated mortgage contract** under the RAO if: (i) the lender provides credit to an individual or to trustees; and (ii) the obligation of the Borrower to repay was secured by a first legal mortgage (or, in Scotland, a first ranking standard security) on land (other than timeshare accommodation) in the UK; and (iii), at least 40% of which was used, or was intended to be used, as or in connection with a dwelling by the Borrower or (in the case of credit provided to trustees) by an individual who was a beneficiary of the trust or by a related person.

There have been incremental changes to the definition of Regulated Mortgage Contract over time, including the removal of the requirement for the security to be first ranking and the extension of territorial scope to cover property in the EEA rather than just the UK.

The current definition of a regulated mortgage contract (a **Regulated Mortgage Contract**) is such that if the mortgage contract was entered into on or after 21 March 2016, it will be a Regulated Mortgage Contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions): (a) the borrower is an individual or trustee; and (b) the contract provides for the obligation of the borrower to repay is secured by a mortgage (or, in Scotland, a first ranking standard security) on land, at least 40% of which is used, or is intended to be used: (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee which is not an individual as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a Related Person. In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the United Kingdom or within the territory of an EEA State and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the United Kingdom. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is (1) that person's spouse or civil partner; (2) a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife; or (3) that person's parent, brother, sister, child, grandparent or grandchild (a **Related Person**).

Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are "consumer credit back book mortgage contracts"' and are also therefore regulated mortgage contracts (see below "*Regulation of residential secured lending (other than Regulated Mortgage Contracts*")).

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

with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

The Originators are required to hold, and do hold, authorisation and permission to enter into and to administer and, where applicable, to advise on Regulated Mortgage Contracts. Subject to any exemption, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise on Regulated Mortgage Contracts.

The LLP is not, nor proposes to become, an authorised person under the FSMA with respect to Regulated Mortgage Contracts and related activities. The LLP does not carry on the regulated activity of administering (servicing) Regulated Mortgage Contracts by having them administered pursuant to the Servicing Agreement by the Servicer, which has the required authorisation and permission under the FSMA. If the Servicing Agreement terminates, however, the LLP will have a period of not more than one month (beginning with the day on which such arrangement terminates) in which to arrange for mortgage servicing to be carried out by a replacement servicer having the required authorisation and permission. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook (**MCOB**), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, amongst other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

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

The UK Government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit under which second charge lending previously fell. The UK Government concluded that there was a strong case for regulating lending secured on a Borrower's home consistently, regardless of whether it is secured by a first or subsequent charge. The UK Government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the Regulated Mortgage Contract regime rather than keeping them within the consumer credit regime. The policy of regulating lending secured on a Borrower's home consistently also meant that the UK Government decided to change the regulatory regime for pre-2004 first charge loans regulated by the CCA. Mortgage regulation under FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. In November 2015, the UK Government made legislation the effect of which was that the administration of and other activities relating to pre-October 2004 first charge mortgages which at the time were regulated by the CCA became regulated mortgage activities from 21 March 2017. The move of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 (the **MCD Order**). The government has put in place transitional provisions for existing loans so that some of the CCA protections in place when the loans were originally taken out were not removed retrospectively. Unregulated mortgages which were originated before 31 October 2004, remain unregulated and are not regulated by virtue of the implementation of the Mortgage Credit Directive Order.

Credit agreements which were originated before 21 March 2016 which were regulated by the CCA and which would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are defined by the Mortgage Credit Directive Order as "consumer credit back book mortgage contracts" and would also therefore be Regulated Mortgage Contracts. The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement were still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with section 77A of the CCA (duty to serve an annual statement) or section 86B of the CCA (duty to serve a notice of sums in arrears), once the consumer credit back book mortgage contract became regulated by the FSMA under the Mortgage Credit Directive Order as of 21 March 2016, the sanction of interest not being chargeable under

section 77A of the CCA and section 86D of the CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to the unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in the FCA's CONC Sourcebook and the CCA that are not contained within MCOB.

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

Unfair relationships

Under the CCA, the earlier "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated Mortgage Contracts and also applies to (as described above) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, (noting that the court has a wide range of remedies at its disposal if there is the finding of an unfair relationship),requiring the relevant Originator, or any assignee such as the Issuer, to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the conduct of the creditor or anyone acting on behalf of the creditor before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR and the CRA (each as defined below). The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and former guidance by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

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

FCA Consumer Duty

The FCA published final rules on the Consumer Duty, aiming to set a higher level of consumer protection in retail financial markets. The Consumer Duty came into effect from 31 July 2023 for products and services that remain open to sale or renewal and from 31 July 2024 for closed products and services.

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

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

The Consumer Duty applies in respect of Regulated Mortgage Contracts (as well as loans falling within the consumer credit regime). It will apply not only at origination of a product but throughout its subsistence (so in the case of a mortgage loan, throughout the period the mortgage loan is outstanding). The cross-cutting rules include an obligation to avoid causing foreseeable harm to the consumer and the outcomes include an obligation to ensure

that the product (for example, a mortgage loan) provides fair value to the retail customer. These obligations (as with the remainder of the Consumer Duty) must be assessed on a regular basis throughout the life of the product.

The Consumer Duty applies in respect of Regulated Mortgage Contracts (as well as loans falling within the consumer credit regime). It will apply to product manufacturers and distributors, which include purchasers of in scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty will not apply retrospectively, the FCA will require firms to apply the Consumer Duty to existing products on a forward-looking basis. If (for example) the obligations relating to fair value or not causing harm are not met in relation to the Loans, it could adversely affect the amounts received or recoverable in relation to the Loans. The FCA has its usual enforcements powers, such as issuing fines and securing redress for consumers, in relation to breaches of the Consumer Duty.

The FCA's guidance states that the Consumer Duty does not apply to unregulated buy to let mortgage loans but there are some circumstances in which the Consumer Duty would apply to the servicing of buy to let loans. It is not yet possible to predict the precise effect of the new Consumer Duty on the Loans with any certainty, which may result in adverse effects on the enforceability of certain Loans and consequently the Issuer's ability to make payment in full on the Notes when due. In addition, the impact of the Consumer Duty on the Loans cannot yet be predicted but no assurances can be given that it will not have a material adverse effect on the Seller, the Servicer and the Issuer and their respective businesses and operations.

Distance Marketing

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

The Distance Marketing Regulations require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by the contract and includes, but is not limited to, general information in respect of the supplier and the financial service, the contractual terms and conditions, and whether or not there is a right of cancellation.

A regulated mortgage contract under the FSMA, if originated by a United Kingdom lender (who is authorised by the FCA) from an establishment in the United Kingdom, will not be cancellable under the Distance Marketing Regulations, but will be subject to related pre-contract disclosure requirements in MCOB. Failure to comply with MCOB pre-contract disclosure rules could result in, amongst other things, disciplinary action by the FCA and claims for damages under Section 138D of FSMA.

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

Compliance with the Distance Marketing Regulations may be secured by way of injunction (interdict in Scotland) obtained by an enforcement authority, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the Distance Marketing Regulations may render the originator or intermediaries (and their respective relevant officers) liable to a fine. If the borrower cancels the contract under the Distance Marketing Regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by or on behalf of the originator to the borrower, under or in relation to the contract, within 30 calendar days of cancellation, beginning with the day of the borrower sending notice of cancellation or, if later, the lender receiving notice of cancellation; (b) the borrower is liable to pay interest, early repayment charges and other charges for services actually provided in accordance with the contract only if: (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the borrower); and (c) any security provided in relation to the contract is to be treated as never having had effect.

Financial Ombudsman Service

Under the FSMA, the Ombudsman is an independent adjudicator, is required to make decisions on, among other things, complaints relating to the activities and transactions under its jurisdiction on the basis of what, in its opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance, rather than making determinations strictly on the basis of compliance with law.

Complaints properly brought before the Ombudsman for consideration must be decided on a case by-case basis, with reference to the particular facts of any individual case. Each case is first adjudicated by an adjudicator, and either party may appeal to the Ombudsman for a final decision. The Ombudsman may order a monetary award to a complaining borrower.

In March 2019, the FCA published Policy Statement PS 19/8 entitled "Increasing the award limit for the Financial Ombudsman Service". Compensation limits are automatically adjusted each year for inflation. From 1 April 2025, the Ombudsman award limits are:

- £445,000 for complaints referred to Ombudsman on or after 1 April 2026 about acts or omissions by firms on or after 1 April 2019;

- £205,000 for complaints referred to Ombudsman on or after 1 April 2026 about acts or omissions by firms before 1 April 2019.

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

In the UK, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the **1999 Regulations**), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, the **UTCCR**), apply to agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the **CRA**) has revoked the UTCCR in respect of contracts made on or after 1 October 2015.The main provisions of the CRA came into force on 1 October 2015. The CRA is only applicable to contracts that (a) were entered into on or after 1 October 2015; or (b) were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the CRA. The CRA is also applicable on or after 1 October 2015, to notices of variation, such as variation of interest rate under contracts.

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

The FCA have stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" applies equally to factors that firms should consider to achieve fairness under the UTCCR. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

(i) UTCCR

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention. The UTCCR may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees. For example, if a term permitting the lender to vary the interest rate (as the Originators are permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender (or exercise analogous rights in Scotland).

(ii) CRA

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

- Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.
- Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract" although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.
- A term of a consumer contract which is not on the "grey list" may nevertheless be regarded as unfair.
- Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings have explicitly raised the issue of fairness.

(iii) Regulatory Developments

Ultimately, only a court can decide whether a term is fair, however it may take into account relevant guidance published by the Competition and Markets Authority (the **CMA**) or the FCA. On 19 December 2018, the FCA published the Final Guidance 18/7: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. Such factors include but are not limited to (a) the validity of the reason(s) for using the variation term; (b) the transparency of the variation term; (c) provision for notice in the variation term; and (d) provision for the freedom to exit the contract should a consumer not wish to accept the variation, which follows developments in case law, including at the Court of Justice of the EU (the **CJEU**). The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms.

In general, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in the light of sometimes conflicting reported case law between English courts and the CJEU. Under s.6 of the EUWA the courts of the UK are required to consider pre-UK withdrawal CJEU case law when interpreting EU-derived legislation, however, the Supreme Court (and certain other specified courts) may depart from the CJEU case law, thus, causing further uncertainty in future interpretation. The broad and general wording of the UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR and/or CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

Consumer Protection from Unfair Trading Regulations 2008 and the Digital Markets, Competition and Consumers Act 2024

The CPUTR came into force on 26 May 2008 and prohibits certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment.

Under the terms of the CPUTR, the possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreement may result in irrecoverable losses on amounts to which such agreements apply. The Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014) came into force on 1 October 2014 and amended the CPUTR. In certain circumstances, these amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

From 6 April 2025, the CPUTR have been revoked and replaced by the Digital Market, Competition and Consumers Act 2024 (**DMCCA**). However, CPUTR will still apply to any conduct occurring prior to 6 April 2025.

In addition to some minor amendments to the CPUTR rules, the new regime introduces new rules on consumer reviews, drip pricing and consumer vulnerability. In addition, the DMCCA largely replicates the list of specified banned practices contained in the CPUTR and creates new powers to expand the list of automatically unfair practices. Under the DMCCA, the unfair commercial practices regime, along with all other consumer protection legislation, has become subject to a new enforcement regime under which the CMA has new direct enforcement powers, which will operate in parallel with a court-based enforcement regime.

It cannot be excluded that the new rules and enforcement regime under the DMCCA will have an adverse impact on the Mortgage Loans.

Mortgage Charter

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

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

The charter is voluntary and adhering to it will be a decision for lenders to make individually. On 26 March 2026, the Chancellor met with lenders representing 75 per cent. of the market, alongside UK Finance, to discuss the outlook for mortgage rates in light of the conflict in Iran, how lenders are responding, and what practical support is available to concerned borrowers. Following this meeting, mortgage lenders across the industry reaffirmed their commitment to the Mortgage Charter and to supporting borrowers through this period.

Mortgage repossession

A protocol for mortgage possession cases in England and Wales came into force on 19 November 2008 and was replaced with an updated protocol for mortgage possession claims which came into force on 6 April 2015 (the Pre Action Protocol). The Pre Action Protocol sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three months after a borrower, who is an owner occupier, is in arrears. The application of such a moratorium is subject to the wishes of the relevant borrower and may not apply in cases of fraud. In addition, under the protocol the lender must consider whether to postpone the start of a possession claim where the borrower

has made a genuine complaint to the Ombudsman about the potential possession claim. In addition, MCOB rules for regulated mortgage contracts from 25 June 2010 prevent the lender from: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or a change in the product type; and (b) automatically capitalising a payment shortfall.

The protocol expressly states that it does not apply to "Buy-to-Let mortgages" (although the protocol has not been updated to expressly confirm that it does not apply to consumer buy-to-let mortgage contracts).

With respect to buy-to-let mortgages, note that from 1 May 2026, the notice period for a mortgagee to gain vacant possession to exercise their power of sale has extended from two months to four months.

The Home Owner and Debtor Protection (Scotland) Act 2010

Part I of The Home Owner and Debtor Protection (Scotland) Act 2010 came into force on 30 September 2010 and contains provisions imposing additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor which may be the Seller or, in the event of it taking legal title to the Scottish Loans and their Related Security, the LLP has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two-month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor has also to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position and to comply with further procedural requirements.

Devolution of taxing powers to the Scottish Parliament

The Scotland Act 2016 passed control of certain aspects of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Under current Scottish income tax rules, it continues to be the case that some Scottish taxpayers will be paying more income tax than taxpayers elsewhere in the UK (and some will be paying less) but the differences are not particularly significant.

Private Housing (Tenancies) (Scotland) Act 2016

The Private Housing (Tenancies) (Scotland) Act 2016 came into force on 1 December 2017. One of the changes made by this legislation will be to introduce a new form of tenancy in Scotland known as a "private residential tenancy" which will (except in a very limited number of exceptions) provide tenants with security of tenure by restricting a landlord's ability to regain possession of the property to a number of specific eviction grounds. The intention is that private residential tenancies will replace assured and short assured tenancies in the future.

Many of the grounds for eviction will remain the same however it should be noted that the current ground of eviction based on "no fault", i.e. that the tenancy has simply reached its expiry date, has now been removed. There have also been changes to the notice periods required to be given by both landlord and tenant, based on the term of occupation by the tenant. Finally, certain areas may be designated "rent pressure zones" going forwards, and the effect of this is that any rent increases may be capped at a percentage level set by the Scottish Government. There is some concern that this may lead to an introduction of statutory control on rents in the future.

Accordingly, a lender or security-holder may not be able to obtain vacant possession if it wishes to enforce its security unless one of the specific eviction grounds under the legislation applies. It should be noted though that one of the grounds on which an eviction order can be sought is that a lender or security-holder intends to sell the property and requires the tenant to leave the property in order to dispose of it with vacant possession. The effect of this legislative change will primarily be restricted to any buy-to-let loans secured over Scottish Property. In the event of a dispute, a new tribunal has been created to deal with such matters.

The Private Housing (Tenancies) (Scotland) Act 2016 will not affect; holiday lets, social police or military housing or student accommodation that is either purpose built and/or provided by academic institutions.

Land Registration Reform in Scotland

The Land Registration etc (Scotland) Act 2012 (the **2012 Act**) came into force in Scotland on 8 December 2012 with the intention of encouraging the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with a view to eventually closing the General Register of Sasines. Some of the provisions of the 2012 have been implemented, including the requirement for all new standard securities to be registered at the Land Register of Scotland which would trigger a first registration in the Land Register of Scotland if a Scottish Sub-Security was taken over a standard security recorded in the General Register of Sasines.

However, proposals for assignations of standard securities recorded in the General Register of Sasines to be registered in the Land Register of Scotland have not been implemented and no date has been set for such a change. If it were to be implemented then this may lead to additional costs if the Scottish Loans were transferred to the LLP pursuant to the Mortgage Sale Agreement.

Moveable Transactions in Scotland

The Moveable Transactions (Scotland) Act 2023 (the **2023 Act**) was passed by the Scottish Parliament on 4 May 2023 and came into effect on 13 June 2023, although its provisions have only applied since 1 April 2025.

The 2023 Act reforms the law relating to the creation of security interests over moveable assets which are created by way of assignation and fixed securities over moveable property in Scotland (a term that approximates to chattels under English law) and, *inter alia*, may simplify the process of taking security.

Help to Buy Scheme

In March 2013, the UK Government announced the "Help to Buy" Scheme involving two separate proposals to assist home buyers. The first involves a shared equity loan made available by the UK Government to borrowers for the purchase of new homes. The shared equity loans were available from 1 April 2013 to 31 March 2021 (**2013-2021 Help to Buy Equity Scheme**) and this scheme has now closed however in November 2020, the UK Government announced a new "Help to Buy" equity scheme to be made available to eligible borrowers from April 2021 to March 2023 (the **2021-2023 New Help to Buy Equity Scheme**). None of the Loans in the Portfolio benefit from either the 2013-2021 Help to Buy Equity Scheme or the 2021-2023 Help to Buy Equity Scheme.

The second involves a guarantee provided by the UK Government for loans made to the borrowers allowing up to a 95% LTV (each a **Help to Buy Guarantee Loan**). This scheme closed to new loans on 31 December 2016 however participating mortgage lenders were able to continue to complete loans into the scheme until 30 June 2017, where they had an application date on or before 31 December 2016. The guarantee loans allowed lenders to purchase a guarantee on the top-slice of a mortgage meaning that the UK Government will compensate the lender for a proportion of the net losses suffered in the event of repossession. The guarantee will apply down to 80% of the purchase value of the property (i.e. up to 20% of the value is guaranteed). The guarantee will compensate lenders for the same losses and reasonable costs that the lender is entitled to recover from the borrower, in the event of foreclosure but the lenders will take a 5% share of the net losses above the 80% threshold. The Originator is subject to certain limits in respect of the aggregate amount they can claim under the Help to Buy Scheme for all loans originated by them (regardless of whether such loans have been transferred to the LLP).

In March 2021, the UK Government announced a new mortgage guarantee scheme to be made available to eligible borrowers from 19 April 2021 until 31 December 2022. This scheme involves a guarantee provided by the UK Government for loans made to borrowers with an LTV of between 91 and 95% (the **Mortgage Guarantee Scheme**) The scheme is similar to the previous scheme outlined above and is available for residential mortgages on properties in the UK with a purchase price of £600,000 or less, where the borrower has a deposit of 5%. The scheme provides lenders with the option to purchase a guarantee on the top-slice of the mortgage and the guarantee applying down to 80% of the purchase value of the guaranteed property. The guarantee will compensate lenders for the same losses and reasonable costs that the lender is entitled to recover from the borrower, in the event of foreclosure but the lenders will take a 5% share of the net losses above the 80% threshold. The guarantee will be valid for up to seven years after the mortgage is originated. The mortgage lender must also offer a five year fixed rate product as part of their range of mortgages offered under the guarantee. None of the Loans in the Portfolio benefit from the Mortgage Guarantee Scheme.

Characteristically, the Help to Buy Guarantee Loans will have a higher LTV than other loans included in the Portfolio and as such, although the Issuer will pass on some of the benefit of the guarantee to the LLP (although the benefit of the guarantee cannot be assigned to the LLP), given that the maximum amount which may be claimed by the Seller under the guarantee is capped, the guarantee may not cover all amounts in respect of the loss on a specific loan. However, the Asset Coverage Test will only assign a maximum value for the loan of up to 75% Indexed LTV, regardless of whether the loan has the benefit of the Help to Buy Scheme.

Right to Buy Loans

The Portfolio may include Right To Buy Loans. Properties sold under the Right to Buy scheme of the Housing Act 1985 are sold by the landlord at a discount to market value calculated in accordance with the Housing Act 1985. A purchaser under the scheme of the Housing Act 1985 must repay the whole of the discount if he or she disposes of the property within one year of acquiring it from the landlord, four-fifths if he or she does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years. The landlord obtains a statutory charge in respect of the contingent liability of the purchaser under the scheme to repay

the discount. Under the Housing Act 1985, such statutory charge ranks in priority to other charges including that of any mortgage lenders except in certain circumstances. Such statutory charge shall automatically rank behind any charge on the related property in relation to monies advanced by an approved lending institution to the extent they are advanced for the purpose of enabling the purchaser to exercise their right to buy. The purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord.

Decisions of the Ombudsman

Under the FSMA, the Financial Ombudsman Service (the **Ombudsman**) is required to make decisions on, among other things, certain complaints relating to the activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance, rather than making determinations strictly on the basis of compliance with law. Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman.

Breathing Space Regulations

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

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

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

Potential effects of any additional regulatory changes

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the United Kingdom, regulators such as the CMA, the PRA and the FCA (and their predecessors for example the OFT) have recently carried out, or are currently conducting, several enquiries. In recent years there have been several issues in the UK financial services industry in which these local bodies have intervened directly, including the sale of card and identity protection policies, interest rate hedging products, payment protection insurance, personal pensions and mortgage-related endowments.

No assurance can be given that additional regulatory changes by the CMA, the FCA, the Ombudsman or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally or specifically in relation to the Servicer or the Seller.

THE PORTFOLIO

The Initial Portfolio and each New Portfolio acquired by the LLP (the **Portfolio**) consist of Loans and their Related Security sold by the Seller to the LLP from time to time, in accordance with the terms of the Mortgage Sale Agreement, as more fully described under *Summary of the Principal Documents – Mortgage Sale Agreement.*

As at the date of this Prospectus, there are no buy-to-let loans in the cover pool.

For the purposes hereof:

Initial Portfolio means the portfolio of Loans and their Related Security, particulars of which are set out in the Mortgage Sale Agreement (other than any Loan and its Related Security redeemed in full on or before the First Sale Date), and all rights, title, interest and benefit of the Seller in and to:

(a) all payments of principal and interest and other sums due or to become due in respect of such Loans and Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal moneys, interest and costs and the right to sue on all covenants and undertakings made or expressed to be made in favour of the relevant Originator under the applicable Mortgage Conditions;

(b) subject where applicable to the subsisting rights of redemption of Borrowers, all Deeds of Consent, Deeds of Postponement, MH/CP Documentation, guarantees or any collateral security for the repayment of the relevant Loans;

(c) the right to exercise all the powers of the relevant Originator in relation thereto subject to and in accordance with the applicable Mortgage Conditions;

(d) all the estate and interest in the relevant Properties vested in the relevant Originator;

(e) to the extent they are assignable, each Certificate of Title and Valuation Report (in each case where available) and any right of action of the relevant Originator against any solicitor, licensed conveyancer, qualified conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with such Loans and Related Security, or any part thereof or affecting the decision of the relevant Originator to make or offer to make any such Loan or part thereof; and

(f) the proceeds of all claims made by or on behalf of the relevant Originator or to which the relevant Originator is entitled under the Properties in Possession Cover in relation to any such Loan.

New Portfolio means each portfolio of Loans and their Related Security (other than any Loans and their Related Security which have been redeemed in full prior to the relevant Sale Date or which do not otherwise comply with the terms of the Mortgage Sale Agreement as at the relevant Sale Date), particulars of which are set out in the relevant New Portfolio Notice or in a document stored upon electronic media (including, but not limited to, a CD-ROM), and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) above

See also the following risk factors under *Risk Factors – Risk factors relating to the Covered Bonds – Limited description of the Portfolio, Risk factors relating to the LLP, including the ability of the LLP to fulfil its obligations in relation to the Covered Bond Guarantee – Maintenance of Portfolio and Changes to the Lending Criteria of the Originators since the time of Origination*.

Introduction

The following is a description of some of the characteristics of the loans currently or previously originated by the relevant Originator including details of loan types, the underwriting process, Lending Criteria and selected statistical information.

Unless otherwise indicated, the description that follows relates to types of Loans that have been or could be sold to the LLP and form part of the Portfolio from time to time. It should be noted that the Seller retains the right to repurchase any of the Loans from time to time in accordance with the terms of the Mortgage Sale Agreement and, in certain circumstances, is required to repurchase specific Loans.

The Originators reserve the right to amend their Lending Criteria and the Seller reserves the right to sell to the LLP New Loans which are based upon Mortgage Conditions different from those upon which Loans forming the Portfolio as at any date are based. Those New Loans may include loans which are currently being offered to borrowers which may or may not have some of the characteristics described here, but may also include loans with other characteristics that are not currently being offered to borrowers or that have not yet been developed. All New Loans will be required to comply with the representations and warranties set out in the Mortgage Sale

Agreement from time to time and all the material representations and warranties in the Mortgage Sale Agreement are described in this Prospectus. See *Summary of the Principal Documents – Mortgage Sale Agreement*.

References in this section to the Originator performing any obligations or taking any steps in relation to the administration of loans will include circumstances in which any other member of the Lloyds Banking Group performs such obligations or takes such steps, on behalf of the Originator.

Characteristics of the loans

Repayment terms

The Loans in the Portfolio are one of the following:

- **repayment loans**: the borrower makes monthly payments of both interest and principal so that, when the loan matures, the full amount of the principal of the loan will have been repaid;
- **interest-only loans**: the borrower makes monthly payments of interest but not of principal; when the loan matures, the entire principal amount of the loan is still outstanding and is payable in one lump sum; or
- a combination of both these options.

In the case of either repayment loans or interest-only loans, the required monthly payment may alter from month to month for various reasons, including changes in interest rates.

For interest-only loans (other than loans advanced under the Retirement Interest Only scheme or the Retirement Home Plan scheme formerly offered by BOS), because the principal is repaid in a lump sum at the maturity of the loan, the borrower is and has always been required to have some repayment mechanism (such as an investment plan) which is intended to provide sufficient funds to repay the principal at the end of the term. The Seller has procedures to verify that a repayment mechanism is in place but it does not take security over these repayment mechanisms.

Principal prepayments may be made in whole or in part at any time during the term of a loan, subject to the payment of any early repayment charges (as described in *Early repayment charges* below). A prepayment of the entire outstanding balance of all loans under a mortgage account discharges the mortgage. Any prepayment must be made in full together with all accrued interest, arrears of interest, any unpaid expenses (such as insurance premiums and fees) and any applicable early repayment charges(s).

Payment methods

All payments on the loans must be made in sterling and the majority of the payments are made by direct debit instruction from a bank or building society account.

Interest payments and interest rate setting

The Originators have responded to the competitive mortgage market by developing a range of products with special features that are used to attract new borrowers and retain existing customers. The loans in the portfolio are one of or a combination of the following types of loans and the Originators are able to combine these to suit the requirements of the borrower:

- **Fixed Rate Loans** are loans where the interest rate payable by the borrower is fixed for an initial period or for the life of the loan.
- **Tracker Loans** are loans which are subject to an interest rate linked to an external rate such as the Bank of England's official Bank Rate as set by the UK Monetary Policy Committee. The interest rate will be set at a fixed margin above or below, or the same rate as, the official Bank Rate and may be fixed for a certain period of time or for the life of the loan.
- **Discretionary Rate Loans** are loans subject to the Seller's Standard Variable Rate or other Discretionary Rates. The current Discretionary Rates of the Seller and BOS, for loans originated under the Halifax brand and the Lloyds brand (as applicable), are the "Lloyds Bank Homeowner Variable Rate" and the "Halifax Homeowner Variable Rate", respectively. The Originators may introduce other Discretionary Rates in the future.
- **Discounted Discretionary Rate Loans** are loans which allow the borrower to pay interest at a specified discount to a Discretionary Rate.

The rate of interest for Fixed Rate Loans, and for certain Tracker Loans and Discounted Discretionary Rate Loans, applies for a pre-determined period (the **Product Period**). For other Tracker Loans and Discounted Discretionary Rate Loans, the rate of interest may apply for the life of the loan. At the end of the Product Period the rate of interest charged will either (a) move to some other interest rate type for a predetermined period or (b) revert to a Discretionary Rate. In certain instances, early repayment charges are payable by the borrower if the loan is repaid in part or in full within the Product Period. See *Early repayment charges* below.

All mortgages originated since 2001 have featured interest calculated on a daily basis rather than on an annual basis. Any payment by the borrower will reduce the borrower's balance on which interest will be calculated with effect from the following day. Prior to this date, all mortgage products had carried interest calculated on an annual basis. Borrowers with existing loans on which interest is calculated on an annual basis are able to change and have their interest calculated on a daily basis, subject to the terms and conditions of their existing loan and to the borrower entering into an agreement.

If the Originator wishes to increase the interest rate on loans originated by Lloyds Bank and governed by mortgage conditions prior to the C&G 2010 Mortgage Conditions, it must first give notice to the borrower of the increase. The borrower may then repay the loan without paying interest at the increased rate if the borrower provides at least seven days' notice of the intention to repay within three months of the Originator giving the notice of the increase, and the borrower repays the loan (or the part of it which is affected by the increase) together with any early repayment charge and any unpaid interest and expenses.

New mortgage conditions were introduced in 2011 and 2019.

Under the 2011 Mortgage Conditions and the 2019 Mortgage Conditions the Originator has the right to reduce the interest rate (referred to as the lender variable rate in the Mortgage Conditions) for any reason and to increase the interest rate for a number of specified reasons:

1. *Change to the Originator's cost of lending:* the Originator has costs in raising the money lent to its "residential mortgage" customers. If these costs change, or the Originator knows they are about to change, the Originator can change a lender variable rate in proportion to the change in costs;

2. *Change to laws and regulations:* The Originator follows laws and regulations. If the change in laws and regulations means the Originator should change a lender variable rate, the Originator will do so. If there is a change to the Originator's cost of following laws and regulations, as a result of a change to them, the Originator can also change a lender variable rate in proportion to the change in cost.

The 2019 Mortgage Conditions contain an additional reason for increasing the interest rate which is 'changes to the Originators technology or systems'. In practice, because customers on pre-2019 Conditions are on the same lender variable rate as those on earlier versions it will be very difficult to rely on this term to increase the lender variable rate.

Additionally the 2019 Mortgage Conditions state that the Originator can charge the borrower one or more added rates if it is agreed in the offer letter or an added rate becomes payable if the borrower lets their property or changes its use without the Originator's permission. Where this occurs, the Originator can reduce or stop charging an added rate at any time. The Originator will give the Borrower notice before they charge an added rate.

The 2011 Mortgage Conditions provided that the Originator could increase an added rate for the same reasons as the Originator can increase a lender variable rate. The Originator will not, however, increase an added rate as a result of a change to the Originator's cost of lending or the Originator's cost of following laws and regulations, if the Originator has already increased another rate that applies to the same part of what the Borrower owes for the same reason. Sometimes those reasons may allow the Originator to increase the added rate at a different time or by a different amount from a change to a lender variable rate. The 2019 Mortgage Conditions do not contain a right for the Originator to increase an added rate for the same reasons as the Originator can increase a lender variable rate.

During the course of its mortgage origination business, the Originators have originated loans under a number of standard conditions which have been sequentially superseded by the Mortgage Conditions applicable at the time of origination. The 2019 Mortgage Conditions represent the current terms and conditions on which new mortgage business is transacted by the Originators and dictate the specified reasons to change the interest rate. The 2019 Mortgage Conditions set out the current policy of the Originators in this regard, such policy applying equally to all loans of the Originators, regardless of the date of origination except where the interest rate provisions are more onerous in previous versions.

In respect of new Discretionary Rate Loans that are sold to the LLP in the future, the Servicer will also be responsible for setting any variable rates. However, in maintaining, determining or setting these variable rates,

except in the limited circumstances as set out in the Servicing Agreement, the Servicer has undertaken to maintain, determine or set the variable rates at a level which is not higher than the variable rates set in accordance with the Originator's policy from time to time.

Early repayment charges

The borrower may be required to pay an early repayment charge if certain events occur during the predetermined Product Period and the mortgage offer states that the borrower is liable for early repayment charges. These events include a full or partial unscheduled repayment of principal, or an agreement between the relevant Originator and the borrower to switch to a different mortgage product. If all or part of the principal owed by the borrower, other than the scheduled monthly payments, is repaid before the end of the Product Period, the borrower may be liable to pay to the relevant Originator all or part of the early repayment charge based on a percentage of the amount repaid or switched to another product. If the borrower has more than one product attached to the mortgage, the borrower may choose under which product the principal overpayment should be allocated.

The Originators currently permit borrowers to repay up to 10 per cent. of the loan balance in addition to scheduled payments in any calendar year without having to pay an early repayment charge, though the Seller may withdraw or amend this concession at its discretion. The Originators currently have a policy at their discretion not to charge the early repayment charge in certain limited circumstances.

Some of the loans offered by the Originators include a cashback, under which the borrower is offered a sum of money usually paid on completion of the loan. The incentive may take the form of a fixed amount, a percentage of the loan amount or a combination of the two. Where any loan is subject to a cashback, if there is an unscheduled principal repayment or a product switch (as described in *product switches* below), in either case before a date specified in the offer, then an early repayment charge may be payable by the Borrower.

Some mortgage products do not include any provisions for the charging of an early repayment charge to the borrower.

Overpayments and underpayments

Borrowers may repay up to 10 per cent. of their loan in any calendar year without incurring a repayment charge where an early repayment charge is applicable. Where an early repayment charge is not applicable, overpayments are not restricted.

If Borrowers pay more than the scheduled monthly payment, the balance on their mortgage account will be reduced. The Seller will charge interest on the reduced balance, which reduces the amount of interest the Borrowers must pay.

Some mortgage products may allow Borrowers to underpay to the extent of previous overpayments by such Borrowers. Missed payments or underpayments are rolled up and added to the mortgage, and must be repaid over the remaining life of the mortgage unless it is otherwise agreed by the Seller and the Borrower to extend the mortgage term. Any overpayments will be treated as prepayments of principal on the loans.

Payment Holidays

The Seller offers payment holidays, during which a Borrower may suspend mortgage payments. This option may be exercised, upon the Seller's agreement, for one or two months at any one time up to a maximum of six months during the life of the mortgage (maximum of one payment holiday comprising of no more than two months every 3 years). The payment holiday option does not include any insurance premiums.

In order to qualify, the mortgage cannot be a building mortgage or more than one month in arrears when the payment holiday is applied for and no payment arrangement may be either currently in force or have been in force within the last six months. Additionally, at least twelve months must have elapsed since the date of the initial advance to the Borrower and the Borrower cannot have arranged without the consent of the Seller to let the Property, or taken any further lending within the last six months.

Furthermore, the Borrower can neither be currently applying for, or in receipt of, income support, nor in receipt of amounts to pay the mortgage under a mortgage repayments insurance policy at the time of the application. The Borrower may not borrow any further money from the Seller during the course of the payment holiday.

Payments deferred under the payment holiday are rolled up and added to the mortgage and must be repaid over the remaining life of the mortgage, unless the Seller and the Borrower agree to amend the mortgage term. The Seller will provide the Borrower with a new scheduled monthly payment based on the new amount owed. The total debt must not exceed 90 per cent. of the value of the Property at the time of application and must comply with the Seller's normal lending limits. The borrower may make overpayments (subject to terms and conditions)

to pay off their debt sooner. The payment holiday policies are subject to exceptions (made on a case-by-case basis as would be acceptable to a Reasonable, Prudent Mortgage Lender) or change and varied payment holidays may be offered under different circumstances such as the Covid-19 pandemic.

Further Advances

If a borrower wishes to take out a further loan secured by the same mortgage, the borrower will need to make a Further Advance application and the relevant Originator will use the Lending Criteria applicable to Further Advances at that time in determining whether to approve the application. The original mortgage deed or standard security is expressed to cover all amounts due under the relevant loan which would cover any Further Advances. All Further Advances require the postponement of any second charge or standard security.

Product Switches

From time to time, borrowers may request or the relevant Originator may send an offer of a variation in the financial terms and conditions applicable to the borrower's loan. The Originator's current policy is to require borrowers to vary the borrower's loan so that it is governed by the Originator's current terms and conditions (the 2019 Mortgage Conditions as at the date of this Base Prospectus). In limited circumstances, if a Loan is subject to a Product Switch as a result of a variation, then the Seller will be required to repurchase the Loan or Loans and their Related Security from the LLP. Those limited circumstances are that, as at the relevant date, any of the Representations and Warranties in relation to that Loan, as described in *Summary of the Principal Documents – Mortgage* Sale *Agreement*, would be breached upon the making of that Product Switch. See further *Summary of the Principal Documents – Mortgage Sale Agreement*.

In certain circumstances, if the relevant Originator is notified that a borrower, following the making of the loan, intends to let its property, the relevant Originator will consider this request and may grant consent to let. If granted, the relevant Originator will require the borrower to accept the criteria in place for consent to be approved which could include the application of an added rate to their loan.

Origination channels

The Originators currently derive their mortgage-lending business through the BOS, Halifax and Lloyds Bank branch networks throughout the UK, through intermediaries and from internet and telephone sales.

Covered Bondholders should be aware that in the future loans originated by another member of the Lloyds Banking Group may be included in the Portfolio, subject to the satisfaction of certain conditions.

Right to buy loans

The Portfolio may include Right To Buy Loans, each being a loan entered into by the relevant borrower as a means to purchase, refinance or improve a residential property from a local authority or certain other social landlords (each a **landlord**) under the "right to buy schemes" governed by the **Right To Buy Legislation** (being the Housing Act 1985 and the Housing Act 1996 (each as amended and updated from time to time) (in the case of English Mortgages) and the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001) (in the case of Scottish Mortgages). Properties sold under these schemes are sold by the landlords at a discount to market value calculated in accordance with the Housing Act 1985 (as amended) or (as applicable) the Housing (Scotland) Act 1987 (as amended). A purchaser under these schemes must, if he sells the property within three years (or in cases where the right to buy was exercised in relation to properties in England and Wales after 18 January 2005, five years) (the **RTB disposal period**), repay a proportion of the discount he received or, in England and Wales only, the resale price (the **resale share**) to the landlord. The landlord obtains a statutory charge (or, in Scotland, a standard security) over the property in respect of the contingent liability of the purchaser under the relevant scheme to repay the resale share. In England and Wales, the statutory charge ranks senior to other charges, including that of any mortgage lender, unless (i) the mortgage lender has extended the mortgage loan to the purchaser for the purpose of enabling him to exercise the right to buy or for "approved purposes" under the scheme (including refinancing loans made for the purpose of enabling the exercise of the right to buy and repair works to the property) and is an approved lending institution for the purposes of the Housing Act 1985 or (ii) the relevant local authority issues a deed of postponement postponing its statutory charge to that of a mortgage lender. In the case of loans made for approved purposes, the statutory charge is only postponed if the relevant landlord agrees to the postponement but the relevant legislation obliges the landlord to agree to the postponement. However, in practice the lender will need to provide evidence to the relevant landlord as to whether the loan was made for approved purposes. In Scotland, where the landlord secures the contingent liability to repay the resale share, the standard security will, notwithstanding the usual statutory ranking provisions, have priority immediately after any standard security granted in security of a loan either to purchase or improve the relevant property plus interest and expenses and, if the landlord consents, a standard security over the relevant property securing any other loan.

The Seller is an approved lending institution under the Housing Act 1985. The Seller will, in the mortgage sale agreement, warrant that all mortgages or standard securities originated by it and have (or the Seller has the evidence necessary to ensure that the mortgages will have) priority over any statutory charge or standard security in favour of the relevant landlord, save in cases where the loan is made at a time where there is no more than one year remaining of the RTB disposal period (in which case, the Seller's view is that if it has to enforce, it is likely that the RTB disposal period will have expired by the time it sells the relevant property so the statutory charge or standard security will have ceased to subsist) or where adequate insurance is in place.

The Seller usually obtains the relevant landlord's approval for loans for "approved purposes" retrospectively rather than in advance of making a loan because of the delays inherent in seeking that approval. Until that approval is given, the relevant advance ranks (in England and Wales) behind the statutory charge.

Amendments to the Housing Act 1985 introduced by the Housing Act 2004 give the relevant landlord a right of first refusal should the relevant property be disposed of within the first ten years following the exercise of the right to buy (when the right to buy is exercised after 18 January 2005). The consideration payable by the relevant landlord is the value of the property determined, in the absence of agreement between the landlord and the owner, by the district valuer. This right of first refusal may add to the time it takes to dispose of a property where the Seller enforces its security, and the district valuer may determine that the value of the property is lower than that the Seller believes is available in the market. The right-to-buy scheme in Scotland came to an end for all council and housing association tenants in Scotland on 1 August 2016 (with a closing deadline for applications of 31 July 2016).

Help to Buy loans

The Portfolio may include loans which have the protection of the UK Help to Buy Scheme. In March 2013, the UK Government announced the Help to Buy Scheme involving two separate proposals to assist home buyers: Help to Buy: mortgage guarantee scheme and Help to Buy: equity loan scheme. The Help to Buy: mortgage guarantee scheme allowed lenders to purchase a guarantee on the top-slice of a mortgage meaning that the UK Government will compensate the lender for a proportion of the net losses suffered in the event of repossession. The guarantee will apply down to 80% of the purchase value of the property (i.e. up to 20% of the value is guaranteed). The guarantee will compensate lenders for the same losses and reasonable costs that the lender is entitled to recover from the borrower, in the event of foreclosure but the lenders will take a 5% share of the net losses above the 80% threshold. The Originators are subject to certain limits in respect of the aggregate amount they can claim under the Help to Buy Scheme for all loans originated by them (regardless of whether such loans have been transferred to the LLP). The Help to Buy: mortgage guarantee scheme was closed to new applications on 31 December 2016. In March 2021, the UK Government announced a new mortgage guarantee scheme to be made available to eligible borrowers from 19 April 2021 until 31 December 2022, which has been extended to 31 December 2023 (the **Mortgage Guarantee Scheme**). This scheme involves a guarantee provided by the UK Government for loans made to borrowers with an LTV of between 91 and 95%. The scheme is similar to the previous scheme outlined above and is available for residential mortgages on properties in the UK with a purchase price of £600,000 or less, where the borrower has a deposit of 5%. The scheme provides lenders with the option to purchase a guarantee on the top-slice of the mortgage and the guarantee applying down to 80% of the purchase value of the guaranteed property. The guarantee will compensate lenders for the same losses and reasonable costs that the lender is entitled to recover from the borrower, in the event of foreclosure but the lenders will take a 5% share of the net losses above the 80% threshold. The guarantee will be valid for up to seven years after the mortgage is originated. A small percentage of Loans originated under the Help to Buy: mortgage guarantee scheme are included in the Portfolio (the **Help to Buy Guarantee Loans**). None of the Loans in the Portfolio benefit from the Mortgage Guarantee Scheme.

Characteristically, the Help to Buy Guaranteed Loans will have a higher LTV than other loans included in the Portfolio and as such, although the Issuer will pass on some of the benefit of the guarantee to the LLP (although the benefit of the guarantee cannot be assigned to the LLP), given that the maximum amount which may be claimed by the Seller under the guarantee is capped, the guarantee may not cover all amounts in respect of the loss on a specific loan. However, the Asset Coverage Test will only assign a maximum value for the loan of up to 75% Indexed LTV, regardless of whether the loan has the benefit of the Help to Buy Scheme.

The Help to Buy: equity loan scheme was open to both first time buyers and home movers on new-build homes in England or Wales and involves the UK Government providing such home buyers with an equity loan for up to 20% of the property price (up to 40% in London). The shared equity loans were available from 1 April 2013 to 31 March 2021 and this scheme has now closed (the **2013-2021 Help to Buy Equity Scheme**). In November 2020, the UK Government announced a new Help to Buy: equity loan scheme to be made available to eligible borrowers from April 2021 to March 2023 (the **2021-2023 Help to Buy Equity Scheme**). The scheme is similar to the

previous scheme but is restricted to first-time buyers and includes regional upper limits. None of the Loans in the Portfolio benefit from either the 2013-2021 Help to Buy Equity Scheme or the 2021-2023 Help to Buy Equity Scheme.

Underwriting

An automated credit decisioning system (incorporating scorecards and rules) is used by the Seller as the primary tool for assessing a loan application. Manual sanctioning, by an independent underwriting unit, is used to complement the automated decision where there is insufficient information for the automated decision to be robust or information needs additional scrutiny e.g. certain self-employed cases. These underwriters are experienced specialists in this area and use their knowledge to make decisions on such loan applications based on the lending mandates they hold and the risk to the Seller.

All mortgage decisions, whether completed through automated or manual decisioning, are subject to internal monitoring by the Seller in order to ensure the Seller's procedures and policies regarding underwriting are being followed by staff.

Lending Criteria

On each Sale Date, the Seller shall represent that each Loan being sold to the LLP was originated according to the relevant Lending Criteria of the Originator, as the case may be, at the time the Loan was offered, which included some or all of the criteria set out in this section, in all material respects, subject only to exceptions made on a case-by-case basis as would be acceptable to a Reasonable, Prudent Mortgage Lender. New Loans may only be included in the Portfolio if they are originated in accordance with the Lending Criteria applicable at the time the Loan is offered and are compliant with the Eligibility Criteria as set out in the Mortgage Sale Agreement. See *Summary of the Principal Documents – Mortgage Sale Agreement*. However, the Originators retain the right to revise their Lending Criteria from time to time, so the criteria applicable to New Loans may not be the same as those currently used. Some of the factors currently used in making a lending decision are as follows:

(1) Type of property

Properties may be either freehold or the Scottish equivalent or leasehold. In the case of leasehold properties, there must be at least 30 years left on the lease at the end of the mortgage term and a minimum of 70 years remaining on inception of the mortgage. The property must be used solely as a single residential dwelling, although second homes and holiday homes are considered. Properties must be of good quality, in sound structural condition and in a reasonable state of repair or capable of being put into such condition. House boats, mobile homes, and any property on which buildings insurance cannot be arranged are not acceptable. All persons who are to be legal owners of the property on completion must be named as borrowers under the mortgage.

All properties have either been valued by a valuer approved by the Originator or, where appropriate, according to a methodology which would meet the standards of a reasonably prudent mortgage lender.

(2) Term of loan

There is no minimum term on home purchase loans and the current maximum term is 40 years for all loans.

A Borrower may request to increase the term of the existing loan and the Originator may, at its discretion, agree to such request subject to the following:

- the consent of any guarantor; and
- in the case of all leasehold properties, there being a minimum of 30 years remaining on the lease at expiry of the revised mortgage term (or 10 years in certain circumstances).

The term of a loan may be extended up to a maximum of 40 years from the date of variation, subject to the Borrower's age (see "Age of applicant" below).

(3) Age of applicant

All borrowers must be aged 18 or over and the maximum age limit at the end of the mortgage term is 80. If the mortgage term extends into the borrowers' retirement, or the borrower is already retired, the Originator will consider the borrower's ability to support the loan in retirement. If the Originator determines the borrower will not be able to afford the mortgage into retirement, the application will be declined. The exception to the maximum age limit is existing borrowers approaching the end of the mortgage term who may transfer onto a product under the "Retirement Interest Only" scheme, subject to

satisfying certain qualifying criteria. The scheme supports older interest only borrowers who may need or want to continue their mortgage on an interest only basis.

(4) Loan-to-value (or **LTV**) ratio

For the loans in the portfolio, the Originators have lent up to 97 per cent. of the improved valuation of the property (the original valuation plus the increase in value deriving from any improvements).

All current lending for new purchases is based on a maximum of 95 per cent. of the lower of purchase price or valuation. For example, if the value of a property was £90,000 and the purchase price was £95,000, the maximum that the seller would lend is £85,500 (95 per cent. of £90,000).

(5) Status of applicant(s)

The maximum aggregate loan amount under a mortgage account is determined by the application of an affordability model. This model delivers an individualised result that reflects the applicant's net income, existing credit commitments and burden of family expenditure. The model also calculates the full debt servicing cost at a stressed rate of interest before comparing this cost to the net disposable income that the applicant has available. The Originators maintain rules on the amount of variable income (overtime, bonus, commission) that it will allow into the model and as a general rule will allow no more than 60 per cent. of these items. Benefit payments are allowed (including tax credits) as these quite often compensate for the taxation and National Insurance deductions that would normally cause lower levels of income to fall below minimum wage levels. This model returns "answers" of zero up to amounts that would equate to over 5.5 times income. Regardless, the seller maintains a policy rule that it will not lend more than an amount equal to 5.5 times income. Any decision to override this policy and lend more than an amount equal to 5.5 times income will be made by an underwriter after fully assessing the risk to the relevant Originator.

In cases where a single Borrower is attempting to have the Originator take a secondary income into account, the Originator will consider the sustainability of the Borrower's work hours, the similarity of the jobs and/or skills, the commuting time and distance between the jobs, the length of employment at both positions and whether the salary is consistent with the type of employment. The Originator will determine, after assessing the above factors, if it is appropriate to use both incomes. If so, both incomes will be used as part of the normal income calculation.

When there are two applicants, the relevant Originator adds joint incomes together for the purpose of calculating the applicants' total income. The Originator may at its discretion consider the income of one additional applicant as well, but only a maximum rate of one times that income.

Positive proof of the Borrower's identity and address must be established. In exceptional circumstances this requirement can be waived (provided money laundering regulations are complied with), but the reasons for doing so must be fully documented.

The relevant Originator may exercise discretion within its lending criteria in applying those factors that are used to determine the maximum amount of the Mortgage Loan(s). Accordingly, these parameters may vary for some loans. The relevant Originator may take the following into account when exercising discretion: credit score result, existing customer relationship, percentage of LTV, stability of employment and career progression, availability of living allowances and/or mortgage subsidy from the employer, employer's standing, regularity of overtime, bonus or commission (up to a maximum of 60 per cent. of the income), credit commitments, quality of security (such as type of property, repairs, location or saleability) and the increase in income needed to support the loan.

(6) Credit history

(a) Credit search

A credit search is carried out in respect of all applicants (including Further Advances to existing borrowers). Applications may be declined where an adverse credit history (for example, county court judgment, Scottish court decree for payment, individual voluntary arrangement, bankruptcy notice or previous mortgage arrears) is revealed or the score does not meet the required risk/reward trade-off.

(b) Bank statements

The applicant may be required to provide bank statements in support of his or her application.

(7) Scorecard

The Originators use some of the criteria described here and various other criteria to produce an overall score for the application that reflects a statistical analysis of the risk of advancing the loan. The lending policies and processes are determined centrally to ensure consistency in the management and monitoring of credit risk exposure. Full use is made of software technology in credit scoring new applications. Credit scoring applies statistical analysis to credit reference agency data (some of which is publicly available data) and customer-provided data to assess the likelihood of an account going into arrears.

The Originators reserve the right to decline an application that has received a passing score. The Originators have an appeals process if a potential borrower believes his or her application has been unfairly denied. It is the policy of the Originators to allow only authorised individuals to exercise discretion in granting variances from the scorecard.

(8) Income verification

Prior to April 2014, dependent on the scorecard outcome and any policy rules applicable at the time of application, the Originators could elect not to verify the borrower's income. Typically, the Originators would not request income verification for loans that they believed represented a lower credit risk. The borrower, at the time of application, could not be certain whether or not income verification would be required and the Originators reserved the right to request income verification at all times, regardless of the scorecard outcome and policy rules.

Since April 2014, income verification has been required for all borrowers.

(9) Credit impaired loans

Lending criteria regarding adverse credit data have varied since 1996 with different thresholds for what will be accepted as an allowable application. Once submitted the application would have been subjected to further risk assessment calculations using an interaction of adverse policy rules and credit scoring to determine the final risk and whether or not it would have been accepted.

Over the period in question, customers with bankruptcies and individual voluntary arrangements have not been allowed to proceed and customers with no more than two satisfied county court judgments up to £500 (£750 for existing customers) more than 2 years prior to their application were allowed to submit their application for risk assessment and underwriting. At the date of this Prospectus, applications will be declined where a customer had a county court judgment of over £100 in the last 12 months or £1000 in the last 48 months (irrespective of being satisfied or unsatisfied) and in all instances where customers had an unsatisfied county court judgments of over £300.

The assessment of a borrower's creditworthiness is conducted in accordance with the lending criteria and, where appropriate, shall meet the requirements set out in Article 8 of the Consumer Credit Directive or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of the Mortgage Credit Directive or, where applicable, equivalent requirements in third countries.

Changes to the underwriting policies and the Lending Criteria

Each Originator's underwriting policy and Lending Criteria are subject to change within that Originator's sole discretion. New Loans, Further Advances, retention drawings, home cash reserve drawings and flexible drawings that are originated under Lending Criteria that are different from the criteria set out here may be sold to the LLP.

The Portfolio includes Loans originated from 1997 to the date of this Prospectus. During this period the Originators' underwriting policy and Lending Criteria have changed from time to time in response to market conditions, competitor activity, improvements in the Originators' risk management capabilities and regulation.

The Originators are continuing to develop their automated credit scoring technology to better identify those applications requiring underwriter approval, and to enhance the autonomy of underwriters when deciding whether to approve loans.

The Originators may from time to time and in certain circumstances agree to lend outside of their normal lending practices, with any such variations from the Lending Criteria as would be acceptable to a Reasonable, Prudent Mortgage Lender.

Insurance policies

Insurance on the property

A borrower is required to insure the Property with an Insurance Policy. The insurance may be purchased through the Seller or, alternatively, the borrower or landlord (in the case of a leasehold property) may arrange the insurance

independently. In either case, the borrower must take reasonable steps to ensure that nothing happens which may harm the ability to make a claim under the insurance and must ensure that the insurance premiums are paid on time.

On newly originated loans, the solicitors, licensed conveyancers or, in Scotland, qualified conveyancers should advise the customer in writing of the need to ensure that adequate insurance cover is in place and must take steps to confirm this is the case in accordance with (in the case of English loans) the requirements of the UK Finance Mortgage Lenders' Handbook for Conveyancers for England & Wales (or, for mortgages taken before this handbook was adopted in 1999, the Seller's Mortgage Practice Notes) and (in the case of Scottish loans) the UK Finance Mortgage Lenders' Handbook for Conveyancers for Scotland (or for mortgages taken before this handbook was adopted in 2000, the Seller's Mortgage Practice Notes).

If the borrower does not insure the Property, or insures the Property but not in accordance with the Mortgage Conditions, the Seller may, upon becoming aware of the same, insure the Property itself, in which case the Seller may determine who the insurer will be, what will be covered by the policy, the amount of the sum insured and any excess. The borrower will be responsible for the payment of insurance premiums and the cost may be added to the borrower's Loan and interest charged. The Seller's current policy is that where it becomes aware that a Property is not insured, it will not arrange insurance cover.

Arrears policy

The relevant Originator identifies a loan as being in arrears where an amount equal to or greater than a full month's contractual payment is past its due date and has not been paid.

When arrears are first reported and are equal to or greater than £1 overdue (based on due date), the borrower is contacted and asked for payment of the arrears. An automated process exists in which the borrower is contacted through a series of letters and/or phone contacts with specific manual intervention at a certain stage commensurate with risk. Where manual intervention is required, the relevant Originator's personnel will decide on the next appropriate course of action. Where no contact has been made or no agreement has been reached, this could result in telephone contact via a dialler and/or the use of an external agent in an attempt to reach a solution with the borrower. The relevant Originator’s employees responsible for settling arrears are trained in all collection and negotiation techniques, as well as to provide support to customers in financial difficulty and encourage customers to seek free independent financial advice. Where a satisfactory arrangement cannot be reached or maintained, possession proceedings may be instigated to enable the Originator to enforce its security.

Governing law

Each of the English Loans is governed by English law and each of the Scottish Loans is governed by Scots law.

DESCRIPTION OF THE UK REGULATED COVERED BOND REGIME

The Regulated Covered Bonds Regulations 2008 (SI 2008/346), as amended from time to time (the **RCB Regulations**) and the corresponding implementation provisions, set out in the RCB Sourcebook to the FSA's Handbook (the **RCB Sourcebook**), came into force in the UK on 6 March 2008. In summary, the RCB Regulations implement a legislative framework for UK covered bonds. The framework is intended to meet the requirements set out in Article 52(4) of EU Directive (2009/65/EC) on undertakings for collective investment in transferable securities as amended (the **UCITS Directive**). In general, covered bonds which are UCITS Directive-compliant benefit from higher prudential investment limits and may be ascribed a preferential risk weighting.

Supervision and registration

The FCA performs certain supervision and enforcement related tasks in respect of the new regime, including admitting issuers and covered bonds to the relevant registers and monitoring compliance with ongoing requirements. To assist it with these tasks, the FCA has certain powers under the RCB Regulations. In particular, in certain circumstances it may direct the winding-up of an owner, remove an issuer from the register of issuers and/or impose a financial penalty of such amount as it considers appropriate in respect of an issuer or owner. Moreover, as the body which regulates the financial services industry in the UK, the FCA may take certain actions in respect of issuers using its general powers under the UK regulatory regime (including restricting an issuer's ability to transfer further assets to the asset pool).

On 4 January 2010, the Issuer was admitted to the register of issuers and the Programme (and the Covered Bonds issued previously under the Programme) was admitted to the register of regulated covered bonds pursuant to Regulation 14 of the RCB Regulations. Under the RCB Regulations, an issuer may be removed from the register of issuers in certain limited circumstances with the result that such issuer may not make further issues under the Programme but the FCA is restricted from removing a regulated covered bond from the register of regulated covered bonds before the expiry of the whole period of validity of the relevant covered bond.

On 6 December 2012, the Issuer designated its Programme to be a single asset programme and from 1 January 2013 it was listed as a single asset programme listed as class two (thereby consisting of restricted mortgage loans and various liquid assets).

Requirements under the legislative framework

The RCB Regulations and the RCB Sourcebook include various requirements related to registered issuers, asset pool owners, pool assets and the contractual arrangements made in respect of such assets. In this regard, issuers and owners have various initial and ongoing obligations under the RCB Regulations and the RCB Sourcebook and are responsible for ensuring they comply with them. In particular, issuers are required to (amongst other things) enter into arrangements with the owner for the maintenance and administration of the asset pool such that certain asset record-keeping obligations and asset capability and quality related requirements are met and notify the FCA of various matters (including any regulated covered bonds it issues, the assets in the asset pool, matters related to its compliance with certain regulations and any proposed material changes). Owners are required to (amongst other things) notify the FCA of various matters (including any proposed transfer of ownership of the asset pool) and, on insolvency of the issuer, make arrangements for the maintenance and administration of the asset pool (similar to the issuer obligations described above).

The relevant authorities undertook a review of the UK legislative framework in 2011 and certain changes were made to the regime with the intention of enhancing the attractiveness of UK regulated covered bonds to investors. These changes took effect from 1 January 2013 and include the following:

- *Single asset pool designation* – issuers are required to designate their programme as being a single asset pool (consisting of either class one assets – public sector debt, class two – residential mortgage loans or class three assets – commercial loans and, in each case, certain liquid assets) or a mixed asset pool (consisting of all eligible property for the purposes of the RCB Regulations). The Issuer has provided the necessary certifications for the Programme to be registered as a single asset pool programme, falling in class two. As a result, the Asset Pool will consist solely of residential mortgage loans and certain liquid assets, being UK Government securities and cash deposits. To be clear, and in keeping with the requirements under the RCB Regulations, the Asset Pool will not include any asset-backed securities.
- *Fixed minimum over-collateralisation requirement for principal and fixed minimum coverage requirement for interest* – under the requirements, the total principal amount outstanding on the loans constituting eligible property in the asset pool is required to be more than the total principal amounts outstanding in relation to the regulated covered bonds by at least 8 per cent. and a minimum threshold applies in respect of interest amounts such that the total amount of interest payable in the period of twelve

(12) months following any given date in respect of the eligible property in the asset pool is required to be not less than the interest which would be payable in relation to the regulated covered bonds in that period. For the purposes of calculating the overcollateralisation test, the issuer can take into account certain liquid assets up to a maximum of 8 per cent. of those covered bonds that have a maturity date of more than one year and 100 per cent. of those covered bonds that have a maturity date of one year or less.

- *Investor reporting, including loan-level data* – new investor reporting requirements apply. In particular, issuers are required to make available detailed loan-level information relating to the Asset Pool following an issuance of regulated covered bonds after 1 January 2013. Issuers are also required to publish certain transaction documents relating to the programme. The information to be published by the Issuer can be found at http://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds. The website and the contents thereof do not form part of this Prospectus;

- *Asset pool monitor role* –requirements have been introduced to formalise the role of the asset monitor. Under the new provisions, an asset pool monitor is required, on an annual basis, to inspect and assess the issuer's compliance with certain principles based requirements under the regime and to report on their findings (with additional reporting requirements in the case of issuer non-compliance). The Issuer has appointed an asset pool monitor for the purposes of the RCB Regulations.

Under the RCB Regulations, an issuer may be removed from the register of issuers in certain limited circumstances but the FCA is restricted from removing a regulated covered bond from the register of regulated covered bonds before the expiry of the whole period of validity of the relevant covered bond.

See also *Risk Factors – UK regulated covered bond regime and – Expenses of insolvency officeholders*.

DESCRIPTION OF LIMITED LIABILITY PARTNERSHIPS

Since 6 April 2001 it has been possible to incorporate a limited liability partnership in England, Wales and Scotland under the Limited Liability Partnerships Act 2000 (the **LLPA**). Limited liability partnerships are legal entities that provide limited liability to the members of a limited liability partnership combined with the benefits of the flexibility afforded to partnerships and the legal personality afforded to companies.

Corporate characteristics

A limited liability partnership is more like a company than a partnership. A limited liability partnership is a body corporate with its own property and liabilities, separate from its members. Like shareholders in a limited company, the liability of the members of a limited liability partnership is limited to the amount of their capital because it is a separate legal entity and when the members decide to enter into a contract, they bind the limited liability partnership in the same way that directors bind a company. Members may be liable for their own negligence and other torts or delicts, like company directors, if they have assumed a personal duty of care and have acted in breach of that duty. Third parties can assume that members, like company directors, are authorised to act on behalf of the limited liability partnership.

The provisions of the Companies Act 2006, the Limited Liability Partnerships Regulations 2001 and the Insolvency Act 1986 have been modified by the Limited Liability Partnerships (Amendment) Regulations 2005 so as to apply most of the insolvency and winding-up procedures for companies equally to a limited liability partnership and its members. As a distinct legal entity a limited liability partnership can grant fixed and floating security over its assets and a limited liability partnership will survive the insolvency of any of its members. An administrator or liquidator of an insolvent member would be subject to the terms of the members' agreement relating to the limited liability partnership but a liquidator of an insolvent member may not take part in the administration of the limited liability partnership or its business.

Limited liability partnerships must file annual returns and audited annual accounts at Companies House for each financial year in the same way as companies.

Partnership characteristics

A limited liability partnership retains certain characteristics of a partnership. It has no share capital and there are no capital maintenance requirements. The members are free to agree how to share profits, who is responsible for management and how decisions are made, when and how new members are appointed and the circumstances in which its members retire. The members' agreement is a private document and there is no obligation to file it at Companies House.

Taxation

Limited liability partnerships are generally tax transparent except in the case of value added tax (in respect of which a limited liability partnership can register for VAT in its own name) and in certain winding-up proceedings. As such, the members of a limited liability partnership, and not the limited liability partnership itself, are taxed in relation to the business of the limited liability partnership in broadly the same way that the members of a partnership are taxed in relation to the business of that partnership.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the LLP believe to be reliable, but none of the Issuer, the LLP, the Bond Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the LLP nor any other party to the Agency Agreements will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). DTC has S&P's highest rating: AAA. The DTC Rules applicable to its Direct Participants or Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of DTC Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Covered Bonds on DTC's records. The ownership interest of each actual purchaser of each DTC Covered Bond (**Beneficial Owner**) is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participants or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Covered Bonds are to be accomplished by entries made on the books of Direct Participants or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Covered Bonds, except in the event that use of the book-entry system for the DTC Covered Bonds is discontinued.

To facilitate subsequent transfers, all DTC Covered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede & Co. or such other nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Covered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Covered Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Covered Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to DTC Covered Bonds unless authorised by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy (**Omnibus Proxy**) to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Covered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Covered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Principal Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct Participants or Indirect Participants and not of DTC or its nominee, the Principal Paying Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the Issuer or the Principal Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Covered Bonds for Registered Definitive Covered Bonds, which it will distribute to its Direct Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Covered Bond, will be legended as set forth under *Subscription and Sale and Transfer and Selling Restrictions.*

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Clearing and settlement in Australia

Upon the issuance of an A$ Registered Covered Bond, the Issuer will (unless otherwise agreed with the Covered Bondholder including by specification of such in the applicable Final Terms or Pricing Supplement) procure that the A$ Registered Covered Bond is entered into the Austraclear System. Upon entry, Austraclear will become the sole registered holder (**Registered Holder**) of the A$ Registered Covered Bond.

Members of the Austraclear System (**Accountholders**) may acquire rights against the Registered Holder in relation to an A$ Registered Covered Bond entered in the Austraclear System. If potential investors are not Accountholders, they may hold their interest in the relevant A$ Registered Covered Bond through a nominee who is an Accountholder. All payments in respect of A$ Registered Covered Bonds entered in the Austraclear System will be made directly to an account of the Registered Holder or as it directs in accordance with the Austraclear Regulations.

Secondary market transfers

Secondary market transfers of A$ Registered Covered Bonds held in the Austraclear System will be conducted in accordance with the Austraclear Regulations and the Australian Deed Poll.

Relationship of Accountholders with the Registered Holder

Each of the persons shown in the records of the Austraclear System as having an interest in an A$ Registered Covered Bond issued by the Issuer must look solely to Austraclear for such person's share of each payment made to the Registered Holder in respect of that A$ Registered Covered Bond and to any other rights arising under that A$ Registered Covered Bond, subject to and in accordance with the Austraclear Regulations. Unless and until such A$ Registered Covered Bonds are uplifted from the Austraclear System and registered in the name of an Accountholder, such person has no claim directly against the Issuer or the LLP in respect of payments by the Issuer or the LLP and such obligations of the Issuer or the LLP will be discharged by payment to the Registered Holder (or as it directs) in respect of each amount so paid. Where a Registered Holder is registered as the holder of A$ Registered Covered Bonds that are lodged in the Austraclear System, the Registered Holder may, in its absolute discretion, instruct the Australian Registrar to transfer or "uplift" the A$ Registered Covered Bonds to the person in whose "Security Record" (as defined in the Austraclear Regulations) those A$ Registered Covered Bonds are recorded without any consent or action of such transferee and, as a consequence, remove those A$ Registered Covered Bonds from the Austraclear System.

Book-entry Ownership of and Payments in respect of DTC Covered Bonds

The Issuer may apply to DTC in order to have any Tranche of Covered Bonds represented by a Registered Global Covered Bond accepted in its book-entry settlement system. Upon the issue of any such Registered Global Covered Bond, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Covered Bond to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Covered Bond will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Covered Bond, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Covered Bond accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

It should be noted that DTC will only process payments of principal and interest in U.S. Dollars. Payments in U.S. Dollars of principal and interest in respect of a Registered Global Covered Bond accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Covered Bond. In the case of any payment in a currency other than U.S. Dollars in respect of a Registered Global Covered Bond accepted by DTC, payment will be made to the Exchange Agent and the Exchange Agent will (in accordance with express written instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Covered Bond in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. Dollars and credited to the applicable Participants' account(s).

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Direct Participants or Indirect Participants to beneficial owners of Covered Bonds will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Direct Participants or Indirect Participants and not the responsibility of DTC, the Bond Trustee, the Security Trustee, the Agents or the Issuer. Payment of principal, premium, if any, and interest, if any, on Covered Bonds to DTC is the responsibility of the Issuer.

Transfers of Covered Bonds Represented by Registered Global Covered Bonds

Transfers of any interests in Covered Bonds represented by a Registered Global Covered Bond within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the U.S. may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in

respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. The ability of any holder of Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to resell, pledge or otherwise transfer such Covered Bonds may be impaired if the proposed transferee of such Covered Bonds is not eligible to hold such Covered Bonds through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described under *Subscription and Sale and Transfer and Selling Restrictions,* cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Covered Bonds have been deposited.

On or after the Issue Date for any Tranche, transfers of Covered Bonds of such Tranche between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Covered Bonds of such Tranche between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Covered Bonds will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bond Trustee, the Security Trustee, the Issuer, the LLP, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

United Kingdom Taxation

The following is a summary of the Issuer's understanding of current UK law and published HMRC's practice relating only to the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) by the Issuer in respect of Covered Bonds and payments by the LLP in respect of Covered Bonds. It does not deal with any other UK taxation implications of acquiring, holding or disposing of Covered Bonds. The UK tax treatment of prospective holders of Covered Bonds depends on their individual circumstances and may be subject to change in the future. Prospective holders of Covered Bonds who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Payment of interest by the Issuer in respect of the Covered Bonds

The Issuer will be entitled to make payments of interest on the Covered Bonds without deduction of or withholding on account of UK income tax provided that:

(a) the Issuer is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (**ITA 2007**); and

(b) the interest on the Covered Bonds is and continues to be paid in the ordinary course of the Issuer's business within the meaning of section 878 of ITA 2007.

Payments of interest on the Covered Bonds

Payments of interest on the Covered Bonds may also be made without deduction of or withholding on account of UK income tax if the Covered Bonds are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of ITA 2007 (the **Act**) for the purposes of section 987 of the Act. The London Stock Exchange is a recognised stock exchange for this purpose. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the main market of the London Stock Exchange. Provided, therefore, that the Covered Bonds are and remain so listed, interest on the Covered Bonds will be payable without withholding or deduction for or on account of UK income tax whether or not the Issuer is a bank within the meaning of section 991 of ITA 2007 and whether or not the interest is paid in the ordinary course of its business.

Interest on the Covered Bonds may also be paid without withholding or deduction for or on account of UK income tax where the maturity of the Covered Bonds is less than 365 days and those Covered Bonds do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Covered Bonds that has a UK source on account of UK income tax at the basic rate (currently 20 per cent, to be replaced with the savings basic rate of 22 per cent. from 6 April 2027), subject to any available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a holder of Covered Bonds, HMRC can issue a notice to the Issuer to pay interest to the Covered Bondholder without withholding or deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Payments by the LLP

The UK withholding tax treatment of payments by the LLP under the terms of the Covered Bond Guarantee in respect of interest is uncertain. In particular, such payments by the LLP may not be eligible for the exemptions described above in relation to payments of interest. Accordingly, if the LLP makes any such payments, these may be subject to UK withholding tax at the basic rate (currently 20 per cent, to be replaced with the savings basic rate of 22 per cent. from 6 April 2027). If payments by the LLP are subject to any withholding or deduction for or on account of tax, the LLP will not be required to pay any additional amounts.

U.S. Federal Income Taxation

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a Covered Bondholder that is a citizen or individual resident of the U.S. or a domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of the Covered Bond (a **U.S. holder**). This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury Regulations, administrative and judicial interpretations thereof in effect and available as of the date of this Prospectus, all of which are subject to change possibly with retroactive effect. This summary deals only with U.S. holders that will hold Covered Bonds as capital assets, and it does not address tax considerations applicable to Covered

Bondholders that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold Covered Bonds as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction or persons that have a "functional currency" other than the U.S. dollar. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, special tax accounting rules that apply to accrual basis taxpayers under Section 451(b) of the Code, Medicare contribution tax on net investment income considerations or local tax considerations.

This discussion applies only to holders of Registered Covered Bonds issued pursuant to this Prospectus. Bearer Covered Bonds are not being offered to U.S. holders. A U.S. holder who owns a Bearer Covered Bond may be subject to limitations under U.S. federal income tax laws, including the limitations provided in Sections 165(j) and 1287 of the Code.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Covered Bonds, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Covered Bonds.

The Issuer may enter into one or more supplemental trust deeds or another modification to change the reference rate in respect of the Floating Rate Covered Bonds to an alternative base rate (such change, a **Base Rate Amendment**). It is possible that a Base Rate Amendment will be treated as a deemed exchange of old Covered Bonds for new Covered Bonds, which may be taxable to U.S. holders. U.S. holders should consult with their own tax advisors regarding the potential consequences of a Base Rate Amendment.

Any special U.S. federal income tax considerations relevant to a particular issue of Covered Bonds will be provided in the applicable Final Terms or Pricing Supplement. This summary addresses only Covered Bonds that will be treated as debt for U.S. federal income tax purposes.

Investors should consult their own tax advisers to determine the tax consequences to them of acquiring, owning and disposing of Covered Bonds, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, non-U.S. or other tax laws.

Payments of Interest

Payments of "qualified stated interest" (as defined below under *Original Issue Discount*) on a Covered Bond will be taxable to a U.S. holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the U.S. holder's method of tax accounting).

If such payments of interest are made with respect to a Covered Bond denominated in a currency other than U.S. Dollars (a **Foreign Currency Covered Bond**), the amount of interest income realised by a U.S. holder that uses the cash method of tax accounting will be the U.S. Dollar value of the Specified Currency payment based on the exchange rate in effect on the date of receipt, regardless of whether the payment in fact is converted into U.S. Dollars on such date. A U.S. holder that uses the accrual method of accounting for tax purposes will accrue interest income on the Foreign Currency Covered Bond in the relevant foreign currency and translate the amount accrued into U.S. Dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the U.S. holder's taxable year), or, at the accrual-basis U.S. holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt (if such date is within five business days of the last day of the accrual period). A U.S. holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the **IRS**). A U.S. holder that uses the accrual method of accounting for tax purposes will recognise foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Foreign Currency Covered Bond if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. Any such foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the Foreign Currency Covered Bond. Interest income earned by a U.S. holder with respect to a Covered Bond will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating such holder’s foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances.

Purchase, Sale and Retirement of Covered Bonds

A U.S. holder's tax basis in a Covered Bond generally will equal the cost of such Covered Bond to such holder, increased by any amounts includible in income by the holder as original issue discount and market discount, and reduced by any amortised premium (each as described below) and any payments other than payments of qualified stated interest (as defined below) made on such Covered Bond. In the case of a Foreign Currency Covered Bond, the cost to a U.S. holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Covered Bond that is traded on an established securities market, a cash-basis U.S. holder (and, if it so elects, an accrual-basis U.S. holder) will determine the U.S. dollar value of the cost of such Foreign Currency Covered Bond by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a U.S. holder's tax basis in a Foreign Currency Covered Bond in respect of original issue discount, market discount and premium denominated in the Specified Currency will be determined in the manner described under *Original Issue Discount* and *Premium and Market Discount* below. The conversion of U.S. Dollars to the Specified Currency and the immediate use of such currency to purchase a Foreign Currency Covered Bond generally will not result in taxable gain or loss for a U.S. holder.

Upon the sale, exchange, retirement or other disposition of a Covered Bond, a U.S. holder generally will recognise gain or loss equal to the difference between the amount realised on the sale, exchange, retirement or other disposition (less any accrued qualified stated interest, which will be taxable as such) and the U.S. holder's tax basis in such Covered Bond. If a U.S. holder receives a currency other than the U.S. dollar in respect of the sale, exchange or retirement of a Covered Bond, the amount realised will be the U.S. dollar value of the Specified Currency received, calculated at the exchange rate in effect on the date the instrument is disposed of or retired. In the case of a Foreign Currency Covered Bond that is traded on an established securities market, a cash-basis U.S. holder and, if it so elects, an accrual-basis U.S. holder will determine the U.S. dollar value of the amount realised by translating such amount at the spot rate on the settlement date of the sale. This election available to accrual-basis U.S. holders in respect of the purchase and sale of Foreign Currency Covered Bonds traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount, Short-Term Covered Bonds (as defined below) and foreign currency gain or loss, gain or loss recognised by a U.S. holder generally will be long-term capital gain or loss if the U.S. holder has held the Covered Bond for more than one year at the time of disposition. Such gain or loss will generally be U.S.-source for purposes of computing a U.S. holder's foreign tax credit limitation. Long-term capital gains recognised by an individual U.S. holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognised by a U.S. holder on the sale, exchange, retirement or other disposition of a Foreign Currency Covered Bond generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Foreign Currency Covered Bond. Such foreign currency gain or loss will not be treated as an adjustment to interest income received on the Foreign Currency Covered Bond.

Original Issue Discount

If the Issuer issues Covered Bonds at a discount from their stated redemption price at maturity, and such discount is equal to or more than the product of one-fourth of one per cent. (0.25 per cent.) of the stated redemption price at maturity of the Covered Bonds and the number of full years to their maturity (or with respect to amortising Covered Bonds, the weighted average maturity), the Covered Bonds will be **Original Issue Discount Covered Bonds**. The difference between the issue price and the stated redemption price at maturity of the Covered Bonds will be the **original issue discount** (**OID**). The **issue price** of the Covered Bonds will be the first price at which a substantial amount of the Covered Bonds are sold to the public (i.e., excluding sales of Covered Bonds to bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers). The **stated redemption price at maturity** will include all payments under the Covered Bonds other than payments of qualified stated interest (as defined below).

U.S. holders of Original Issue Discount Covered Bonds generally will be subject to the special tax accounting rules for obligations issued with OID provided by the Code and certain regulations promulgated thereunder (the **OID Regulations**). U.S. holders of such Covered Bonds should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each U.S. holder of an Original Issue Discount Covered Bond, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the **daily portions** of OID on the Original Issue Discount Covered Bond for all days during the taxable year that the U.S. holder owns such Covered Bond. The daily portions of OID on an Original Issue Discount Covered Bond are

determined by allocating to each day in any accrual period a rateable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an Original Issue Discount Covered Bond, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial holder, the amount of OID on an Original Issue Discount Covered Bond allocable to each accrual period is determined by (a) multiplying the "adjusted issue price" (as defined below) of the Original Issue Discount Covered Bond at the beginning of the accrual period by the **yield to maturity** of such Covered Bond (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest (as defined below) allocable to that accrual period. The yield to maturity is the discount rate that causes the present value of all payments on the Original Issue Discount Covered Bond as of its original issue date to equal the issue price of such Covered Bond. The **adjusted issue price** of an Original Issue Discount Covered Bond at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such Covered Bond in all prior accrual periods. The term **qualified stated interest** generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually during the entire term of an Original Issue Discount Covered Bond at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices.

In the case of an Original Issue Discount Covered Bond that is a Floating Rate Covered Bond, both the yield to maturity and qualified stated interest will generally be determined for these purposes as though the Original Issue Discount Covered Bond will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the Covered Bond on its date of issue or, in the case of certain Floating Rate Covered Bonds, the rate that reflects the yield that is reasonably expected for the Covered Bond. (Additional rules may apply if interest on a Floating Rate Covered Bond is based on more than one interest index.) As a result of this "constant yield" method of including OID in income, the amounts includible in income by a U.S. holder in respect of an Original Issue Discount Covered Bond denominated in U.S. Dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

A U.S. holder generally may make an election that is revocable only with the consent of the IRS to include in its income its entire return on a Covered Bond (i.e., the excess of all remaining payments to be received on the Covered Bond, including payments of qualified stated interest, over the amount paid by such U.S. holder for such Covered Bond) under the constant-yield method described above. For Covered Bonds purchased at a premium or bearing market discount in the hands of the U.S. holder, the U.S. holder making such election will also be deemed to have made the election (discussed below in *Premium and Market Discount*) to amortise premium or to accrue market discount in income currently on a constant-yield basis.

In the case of an Original Issue Discount Covered Bond that is also a Foreign Currency Covered Bond, a U.S. holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the Specified Currency using the constant-yield method described above, and (b) translating the amount of the Specified Currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a U.S. holder's taxable year) or, at the U.S. holder's election (as described above under *Payments of Interest*), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt (if such date is within five business days of the last day of the accrual period). Because exchange rates may fluctuate, a U.S. holder of an Original Issue Discount Covered Bond that is also a Foreign Currency Covered Bond may recognise a different amount of OID income in each accrual period than would the holder of an otherwise similar Original Issue Discount Covered Bond denominated in U.S. Dollars. All payments on an Original Issue Discount Covered Bond (other than payments of qualified stated interest) will generally be viewed first as payments of previously accrued OID (to the extent thereof, with payments attributed first to the earliest-accrued OID), and then as payments of principal. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the Original Issue Discount Covered Bond), a U.S. holder will recognise ordinary income or loss measured by the difference between the amount received (translated into U.S. Dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount Covered Bond, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A subsequent U.S. holder of an Original Issue Discount Covered Bond that purchases such Covered Bond at a cost less than its remaining redemption amount (as defined below), or an initial U.S. holder that purchases an Original Issue Discount Covered Bond at a price other than such Covered Bond's issue price, also generally will

be required to include in gross income the daily portions of OID, calculated as described above. However, if the U.S. holder acquires the Original Issue Discount Covered Bond at a price greater than its adjusted issue price, such holder is required to reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The **remaining redemption amount** for an Original Issue Discount Covered Bond is the total of all future payments to be made on such Covered Bond other than payments of qualified stated interest.

Floating Rate Covered Bonds generally will be treated as variable rate debt instruments under the OID Regulations. Accordingly, the stated interest on a Floating Rate Covered Bond generally will be treated as qualified stated interest, and such a Covered Bond will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate Covered Bond does not qualify as a variable rate debt instrument, such Covered Bond will be subject to special rules that govern the tax treatment of debt obligations that provide for contingent payments.

If certain of the Covered Bonds are subject to special redemption, repayment or interest rate reset features, as indicated in the applicable Final Terms or Pricing Supplement, such Covered Bonds (particularly Original Issue Discount Covered Bonds) may be subject to special rules that differ from the general rules discussed above. Purchasers of Covered Bonds with such features should carefully examine the applicable Final Terms or Pricing Supplement and should consult their own tax advisers with respect to such Covered Bonds since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased Covered Bonds.

Premium and Market Discount

A U.S. holder of a Covered Bond that purchases the Covered Bond at a cost greater than its remaining redemption amount (as defined above) will be considered to have purchased the Covered Bond at a premium, and may elect to amortise such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the Covered Bond. Such election, once made, generally applies to all bonds held or subsequently acquired by the U.S. holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. holder that elects to amortise such premium must reduce its tax basis in a Covered Bond by the amount of the premium amortised during its holding period. Original Issue Discount Covered Bonds purchased at such a premium will not be subject to the OID rules described above. In the case of premium in respect of a Foreign Currency Covered Bond, a U.S. holder should calculate the amortisation of such premium in the Specified Currency. Amortisation deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. Dollars at the exchange rate used by the U.S. holder for such interest payments. Exchange gain or loss will be realised with respect to amortised bond premium on such a Covered Bond based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the Covered Bond and the exchange rate on the date on which the U.S. holder acquired the Covered Bond. With respect to a U.S. holder that does not elect to amortise bond premium, the amount of bond premium will be included in the U.S. holder's tax basis when the Covered Bond matures or is disposed of by the U.S. holder. Therefore, a U.S. holder that does not elect to amortise such premium and that holds the Covered Bond to maturity generally will be required to treat the premium as capital loss when the Covered Bond matures.

If a U.S. holder of a Covered Bond purchases the Covered Bond at a price that is lower than its remaining redemption amount or, in the case of an Original Issue Discount Covered Bond, its adjusted issue price, by at least 0.25 per cent. of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the Covered Bond will be considered to have **market discount** in the hands of such U.S. holder. In such case, gain realised by the U.S. holder on the disposition of the Covered Bond generally will be treated as ordinary income to the extent of the market discount that accrued on the Covered Bond while it was held by such U.S. holder. In addition, the U.S. holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Covered Bond. In general terms, market discount on a Covered Bond will be treated as accruing rateably over the term of such Covered Bond or, at the election of the holder, under a constant yield method. Market discount on a Foreign Currency Covered Bond will be accrued by a U.S. holder in the Specified Currency. The amount includible in income by a U.S. holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the Covered Bond is disposed of by the U.S. holder.

A U.S. holder may elect to include market discount in income on a current basis as it accrues (on either a rateable or constant-yield basis) in lieu of treating a portion of any gain realised on a sale of a Covered Bond as ordinary income. If a U.S. holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a Foreign Currency Covered Bond that is currently includible in income will be translated into U.S. Dollars at the average exchange rate for the accrual

period (or portion thereof within the U.S. holder's taxable year). Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

Short-Term Covered Bonds

The rules set forth above will also generally apply to Covered Bonds having maturities of not more than one year (**Short-Term Covered Bonds**), but with certain modifications.

First, the OID Regulations treat none of the interest on a Short-Term Covered Bond as qualified stated interest. Thus, all Short-Term Covered Bonds will be Original Issue Discount Covered Bonds. Accrual basis U.S. holders and certain other U.S. holders will be treated as accruing OID on a Short-Term Covered Bond rateably or, at the election of a U.S. holder, under a constant yield method.

Second, a U.S. holder of a Short-Term Covered Bond that uses the cash method of tax accounting, that is not a bank, securities dealer, regulated investment company or common trust fund, and that does not identify the Short-Term Covered Bond as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a U.S. holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry the Short-Term Covered Bond until the maturity of such Covered Bond or its earlier disposition in a taxable transaction. In addition, such a U.S. holder will be required to treat any gain realised on a sale, exchange or retirement of the Short-Term Covered Bond as ordinary income to the extent such gain does not exceed the OID accrued with respect to such Covered Bond during the period the U.S. holder held the Covered Bond. Notwithstanding the foregoing, a cash-basis U.S. holder of a Short-Term Covered Bond may elect to accrue OID into income on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A U.S. holder using the accrual method of tax accounting and certain cash-basis U.S. holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include OID on a Short-Term Covered Bond in income on a current basis.

Finally, the market discount rules will not apply to a Short-Term Covered Bond.

Information Reporting and Backup Withholding

The Paying Agent will be required to file information returns with the IRS with respect to payments made to certain U.S. holders of Covered Bonds. In addition, certain U.S. holders may be subject to backup withholding tax in respect of such payments if they do not provide an accurate taxpayer identification number or certification of exempt status to the Paying Agent or otherwise comply with the applicable backup withholding requirements. Persons holding Covered Bonds who are not U.S. holders may be required to comply with applicable certification procedures to establish that they are not U.S. holders in order to avoid the application of such information reporting requirements and backup withholding tax.

The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. holders are not subject to information reporting or backup withholding. U.S. holders should consult their tax advisers as to their qualification for exemption from information reporting and/or backup withholding.

IRS Disclosure Reporting Requirements

Certain U.S. Treasury Regulations relating to Section 6011 of the Code (the **Disclosure Regulations**) meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters. Under the Disclosure Regulations it may be possible that certain transactions with respect to the Covered Bonds may be characterised as Reportable Transactions requiring a Covered Bondholder who is required to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of a Foreign Currency Covered Bond that results in a loss that exceeds certain thresholds and other specified conditions are met. Prospective investors in the Covered Bonds should consult with their own tax advisers to determine the tax return obligations, if any, with respect to an investment in the Covered Bonds, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Foreign Financial Asset Reporting

Certain U.S. holders that own "specified foreign financial assets" that meet certain U.S. dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Covered Bonds generally will constitute specified foreign financial assets subject to these reporting requirements unless

the Covered Bonds are held in an account at certain financial institutions. U.S. holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the Covered Bonds.

Taxation of Non-U.S. Holders

Subject to the discussion above under *Information Reporting and Backup Withholding* and below under *Foreign Account Tax Compliance Act,* holders of the Covered Bonds that are not U.S. holders (**Non-U.S. holders**) generally should not be subject to U.S. federal income or withholding tax on any payments on the Covered Bonds and gain from the sale, redemption or other disposition of the Covered Bonds unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. holder of a trade or business in the U.S.; (ii) in the case of any gain realized on the sale or exchange of a Covered Bond by an individual Non-U.S. holder, that holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

Non-U.S. holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of owning Covered Bonds.

Australia

The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective holder of a A$ Registered Covered Bond or an interest in a A$ Registered Covered Bond (in the following taxation summary, an Investor) as a result of acquiring, holding or transferring the A$ Registered Covered Bond. The following is not intended to be, and should not be taken as, a comprehensive taxation summary for an Investor. Each reference in the following taxation summary to a "A$ Registered Covered Bond" includes a reference to an "interest in a A$ Registered Covered Bond" as the context requires.

The taxation summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office (the **ATO**) generally accepted as of the date of this Prospectus. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retroactive effect.

Investors should consult their professional advisers in relation to their tax position. Investors who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of A$ Registered Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the A$ Registered Covered Bonds. In particular, Investors should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the A$ Registered Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

Taxation of interest on Covered Bonds

Australian Investors

Investors who are Australian tax residents, or who are non-residents of Australia that hold the A$ Registered Covered Bonds in carrying on business at or through a permanent establishment in Australia, will be taxable by assessment in respect of any interest income derived in respect of the A$ Registered Covered Bonds. Such Investors will generally be required to lodge an Australian tax return. The timing of assessment of the interest (e.g. a cash receipts or accruals basis) will depend upon the tax status of the particular Investors, the Terms and Conditions applicable to the A$ Registered Covered Bonds, and the potential application of the "Taxation of Financial Arrangements" provisions of the Income Tax Assessment Act 1997 (Cth).

Tax at the highest marginal income tax rate plus the Medicare levy (in aggregate, currently 47%) may be deducted from payments to an Investor if the Investor does not provide an Australian tax file number (TFN) or an Australian Business Number (ABN) (where applicable), or proof of a relevant exemption from quoting such numbers.

Non-Australian Investors

So long as the Issuer continues to be a non-resident of Australia, where the A$ Registered Covered Bonds issued by it are not attributable to an Australian permanent establishment of the Issuer, payments of principal and interest made in respect of the A$ Registered Covered Bonds should not be subject to Australian interest withholding tax.

Taxation of gains on disposal or redemption

Australian Investors

Investors who are Australian tax residents, or who are non-residents that hold the A$ Registered Covered Bonds in carrying on business at or through a permanent establishment in Australia, will be required to include any gain on disposal of the A$ Registered Covered Bonds in their assessable income and may be able to deduct any loss on disposal or redemption of the A$ Registered Covered Bonds depending on their personal circumstances.

The determination of the amount and timing of any gain or loss on disposition or redemption of the A$ Registered Covered Bonds may be affected by the "Taxation of Financial Arrangements" provisions, which provide for a specialised regime for the taxation of financial instruments, and, where the A$ Registered Covered Bonds are denominated in a currency other than Australian Dollars, the foreign currency rules. Prospective Investors should obtain their own independent tax advice in relation to the determination of any gain or loss on disposal or redemption of the A$ Registered Covered Bonds.

Non-Australian Investors

An Investor who is a non-resident of Australia and who has never held the A$ Registered Covered Bonds in carrying on a business at or through a permanent establishment within Australia will not be subject to Australian income tax or capital gains tax on gains realised on the sale or redemption of such A$ Registered Covered Bonds provided such gains do not have an Australian source. A gain arising on the sale of a A$ Registered Covered Bond by a non-Australian resident holder to another non-Australian resident where the A$ Registered Covered Bond is sold outside Australia and all negotiations are conducted and all documentation is executed outside Australia should generally not be regarded as having an Australian source.

Special rules can apply to treat a portion of the purchase price of the A$ Registered Covered Bonds as interest for Australian withholding tax purposes where deferred-return A$ Registered Covered Bonds (for example, A$ Registered Covered Bonds which pay a return that is deferred by more than 12 months) are sold to an Australian Investor.

Collection powers

The ATO and other revenue authorities in Australia have wide powers for the collection of unpaid tax debts. This can include issuing a notice to an Australian resident requiring a deduction from any payment to an Investor in respect of any unpaid tax liabilities of that Investor.

Stamp duty

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of the A$ Registered Covered Bonds.

Death duties

The A$ Registered Covered Bonds will not be subject to death, estate or succession duties imposed by Australia or by any political subdivision or authority therein having power to tax if held at the time of death.

Goods and Services Tax

Neither the issue nor receipt of the A$ Registered Covered Bonds will give rise to a liability for Goods and Services Tax (GST) in Australia. Furthermore, neither the payment of principal or interest on the A$ Registered Covered Bonds would give rise to a GST liability.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the Code, commonly known as **FATCA**, a **foreign financial institution** may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining

"foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Covered Bonds (as described under "*Terms and Conditions of the Covered Bonds—Further Issues*") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Covered Bonds.

ERISA CONSIDERATIONS

Unless otherwise provided in the applicable Final Terms or Pricing Supplement, the Covered Bonds and any corresponding Currency Swap Rights (or any interest therein) should be eligible for purchase by employee benefit plans, plans and entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), and/or the provisions of Section 4975 of the Code and by governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) that are subject to state, local, other federal law of the U.S. or non-U.S. law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (**Similar Law**), subject to consideration of the issues described in this section. ERISA imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, **ERISA Plans**) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under *Risk Factors*.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts, health savings accounts and "Keogh" plans (together with ERISA Plans, the **Plans**)) and certain persons (referred to as **parties in interest** (as defined in Section 3(14) of ERISA) or **disqualified persons** (as defined in Section 4975(e)(2) of the Code)) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Moreover, a Plan that purchases the Covered Bonds that are issued in a currency other than Sterling may also be deemed to be purchasing any rights the Plan has to participate in the receipt of payments under a Covered Bond Swap Agreement in respect of such Covered Bonds that are issued in a currency other than Sterling (any such participation right, the **Currency Swap Right**), in which case both the acquisition, holding and disposition of the relevant non-Sterling Covered Bonds and corresponding Currency Swap Rights could give rise to a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code. However, the same administrative and statutory prohibited transaction class exemptions that would permit a Plan to acquire, hold and dispose of Covered Bonds should also permit a Plan's acquisition, holding and disposition of the Currency Swap Rights.

The Issuer, the Dealers, the LLP, the Bond Trustee, the Security Trustee or any other party to the transactions contemplated by the Transaction Documents may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Covered Bonds and corresponding Currency Swap Rights (or any interest therein) is acquired or held by a Plan with respect to which the Issuer, the Dealers, the LLP, the Bond Trustee, the Security Trustee or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Covered Bonds and corresponding Currency Swap Rights (or any interest therein) and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a Plan and a service provider to the Plan, provided that neither the service provider nor its affiliates have or exercise discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction (in other words, not a fiduciary) and provided further that the Plan pays no more than, and receives no less than, "adequate consideration" in connection with the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by "in-house asset managers"). Prospective investors should consult with their advisers regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Covered Bonds and corresponding Currency Swap Rights (or any interest therein).

Save as otherwise provided in the applicable Final Terms or Pricing Supplement, each purchaser and subsequent transferee of any Covered Bond and corresponding Currency Swap Right (or any interest therein) will be deemed

by such purchase or acquisition to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such Covered Bond and corresponding Currency Swap Right (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Covered Bond and corresponding Currency Swap Right (or any interest therein), either that (a) it is not a Plan or an entity whose underlying assets are deemed for the purposes of ERISA or the Code to include "plan assets" by reason of any such Plan's investment in the entity (together with Plans, **Benefit Plan Investors**) or a governmental, church or non-U.S. plan or (b) its acquisition, holding and disposition of such Covered Bond and corresponding Currency Swap Right (or any interest therein) 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, a violation of any applicable Similar Law) for which an exemption is not available.

Additionally, if the purchaser or transferee of any Covered Bond and corresponding Currency Swap Rights (or any interest therein) is, or is acting on behalf of, a Benefit Plan Investor, such purchaser or transferee will be deemed to have represented and warranted by its investment that (i) none of the Issuer, the LLP, the Dealers, the Bond Trustee, the Australian Bond Trustee, the Security Trustee, the Agents, any other party to the transactions contemplated by the Transaction Documents or other persons that provide marketing services, or any of their respective affiliates, has provided any investment recommendation or investment advice within the meaning of Section 3(21) of ERISA to the Benefit Plan Investor , or any fiduciary or other person investing the assets of the Benefit Plan Investor (**Plan Fiduciary**), in connection with its decision to invest in the Covered Bond and any corresponding Currency Swap Right (or any interest therein), and they are not otherwise undertaking to act as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Covered Bond and corresponding Currency Swap Right (or any interest therein), and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Covered Bond and corresponding Currency Swap Right (or any interest therein).

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the **Plan Asset Regulation**) describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies.

Under the Plan Asset Regulation, a security which is in debt form may be considered an equity interest if it has substantial equity features. If the Issuer were deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the Covered Bonds and corresponding Currency Swap Rights (or any interest therein), such plan assets would include an undivided interest in the assets held by the Issuer and transactions by the Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code. While there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the Covered Bonds and any corresponding Currency Swap Rights (or any interest therein) should not be treated as equity interests for the purposes of the Plan Asset Regulation. Moreover, under the Plan Asset Regulation, when a Plan's interest in an entity relates solely to separate property of an entity (such as a Currency Swap Right), such a separate property is treated as a separate entity for purposes of the ERISA 25% calculation. It is possible that a Plan's investment in the Covered Bonds that are issued in a currency other than Sterling could also be treated as an investment in any Currency Swap Right corresponding to such non-Sterling Covered Bonds. This is far from clear. However, even if a Plan were treated as investing in a Currency Swap Right, and somehow if the ERISA 25% threshold were exceeded with respect to any Currency Swap Rights, their terms are fixed, and the Issuer is not exercising any fiduciary discretion with respect to such Currency Swap Rights. Each Plan that purchases the Covered Bonds will be deemed to acknowledge that it directs the Issuer and the LLP to enter into the Covered Bond Swap Agreement in respect of any Covered Bonds that are issued in a currency other than Sterling on its behalf.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Covered Bonds and corresponding Currency Swap Rights (or any interest therein) should determine whether, under the documents and instruments governing the Plan, an investment in such Covered Bonds and corresponding Currency Swap Rights (or any interest therein) is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in Covered Bonds and corresponding Currency Swap Rights (or any interest therein) (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such

investment does not and will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of applicable Similar Law).

The sale of any Covered Bonds and corresponding Currency Swap Rights (or any interest therein) to a Plan is in no respect a representation by the Issuer, the LLP, the Dealers, the Bond Trustee, the Security Trustee or any other party to the transactions contemplated by the Transaction Documents that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealer has, pursuant to a programme agreement (as the same may be amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 20 October 2008, agreed with the Issuer and the LLP a basis upon which such relevant Dealer may from time to time agree to purchase Covered Bonds. Any such agreement for any particular purchase by the relevant Dealer will extend to those matters stated under *Form of the Covered Bonds* and *Terms and Conditions of the Covered Bonds* above. As at the date of this Prospectus, the Dealer is Lloyds Bank plc, but the Issuer may appoint other dealers from time to time in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis.

The Issuer may pay each relevant Dealer commissions as agreed in connection with the sale of any Covered Bonds. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the relevant Dealer for certain of its expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The relevant Dealer is entitled to be released and discharged from its obligations in relation to any agreement to purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

In order to facilitate the offering of any Tranche of the Covered Bonds, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Covered Bonds during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Covered Bonds for their own account by selling more Covered Bonds than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Covered Bonds in the open market. In addition, such persons may stabilise or maintain the price of the Covered Bonds by bidding for or purchasing Covered Bonds in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Covered Bonds are reclaimed if Covered Bonds previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Covered Bonds at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Covered Bonds to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under UK laws and regulations stabilising activities may only be carried on by the stabilising manager named in the applicable Final Terms or Pricing Supplement and only for a period ending on the earlier of 30 days following the Issue Date of the relevant Tranche of Covered Bonds and 60 days after the allotment of the relevant Tranche of Covered Bonds.

Transfer Restrictions

As a result of the following restrictions, purchasers of Covered Bonds in the U.S. are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Covered Bonds.

Each purchaser of Registered Covered Bonds (other than a person purchasing an interest in a Registered Global Covered Bond with a view to holding it in the form of an interest in the same Registered Global Covered Bond) or person wishing to transfer an interest from one Registered Global Covered Bond to or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Covered Bond with a view to holding it in the form of an interest in the same Global Covered Bond will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs and it is aware and each beneficial owner of such Covered Bond has been advised that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the U.S. and is not a U.S. person and it is not purchasing (or holding) the Covered Bonds for the account or benefit of a U.S. person;

(b) that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the U.S. within the meaning of the Securities Act, that neither the Covered Bonds nor the Covered Bond Guarantee has been or will be registered under the Securities Act or any applicable U.S. state securities laws and that the Covered Bonds may not be offered or sold, directly or indirectly, within the U.S. or to, or for the account or benefit of, U.S. persons except as set forth in this section;

(c) it agrees that neither the Issuer nor the LLP has any obligation to register the Covered Bonds or the Covered Bond Guarantee under the Securities Act;

(d) that, unless it holds an interest in a Regulation S Global Covered Bond and either is a person located outside the U.S. or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (i) to the Issuer or any affiliate thereof, (ii) inside the U.S. to a person whom the seller reasonably believes is a QIB purchasing the Covered Bonds for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the U.S. in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) on reliance of on an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(e) that, except as otherwise provided in the applicable Final Terms or Pricing Supplement, either (a) it is not a Benefit Plan Investor or a governmental, church or non-U.S. plan or (b) its acquisition, holding and disposition of the Covered Bond and any corresponding Currency Swap Right (or any interest therein) 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, a violation of any applicable Similar Law) for which an exemption is not available;

(f) if it is, or is acting on behalf of, a Benefit Plan Investor, (i) none of the Issuer, the LLP, the Dealers, the Bond Trustee, the Australian Bond Trustee, the Security Trustee, the Agents, any other party to the transactions contemplated by the Transaction Documents or other persons that provide marketing services, or any of their respective affiliates, has provided any investment recommendation or investment advice within the meaning of Section 3(21) of ERISA to the Benefit Plan Investor or any Plan Fiduciary in connection with its decision to invest in the Covered Bond and any corresponding Currency Swap Right (or any interest therein), and they are not otherwise undertaking to act as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Covered Bond and corresponding Currency Swap Right (or any interest therein), and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Covered Bond and corresponding Currency Swap Right (or any interest therein);

(g) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Covered Bonds from it of the resale and transfer restrictions referred to in paragraph (d) above, if then applicable;

(h) that it understands that the Issuer has the power to compel any beneficial owner of Covered Bonds represented by a Rule 144A Global Covered Bond that is a U.S. person and is not a QIB to sell its interest in such Covered Bonds, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of an interest in any Rule 144A Global Covered Bond to a U.S. person who is not a QIB. Any purported transfer of an interest in a Rule 144A Global Covered Bond to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void;

(i) that Covered Bonds initially offered in the U.S. to QIBs will be represented by one or more Rule 144A Global Covered Bonds, and that Covered Bonds initially offered outside the U.S. in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;

(j) that the Covered Bonds represented by a Rule 144A Global Covered Bond and Definitive Rule 144A Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS

IN A MINIMUM PRINCIPAL AMOUNT OF U.S.$200,000 (AND NO LESS THAN THE EQUIVALENT OF €100,000); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE **AGENCY AGREEMENT**) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT OR (4) IN RELIANCE ON AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS OR PRICING SUPPLEMENT, BY ITS ACQUISITION AND HOLDING OF THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN), 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" AS DEFINED IN AND 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 THE PURPOSES OF ERISA OR THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN) 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, A VIOLATION OF ANY APPLICABLE FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

ADDITIONALLY, IF THE PURCHASER OR TRANSFEREE OF THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN) IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, IT WILL BE FURTHER DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE ISSUER, THE DEALERS, THE LLP, THE BOND TRUSTEE, THE AUSTRALIAN BOND TRUSTEE, THE SECURITY TRUSTEE, ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THE TRANSACTION DOCUMENTS OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, OR ANY OF THEIR RESPECTIVE AFFILIATES, HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE WITHIN THE MEANING OF SECTION 3(21) OF ERISA TO THE BENEFIT PLAN INVESTOR, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR (**PLAN FIDUCIARY**), IN CONNECTION WITH ITS DECISION TO INVEST IN THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN), AND THEY ARE NOT OTHERWISE UNDERTAKING TO ACT AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN), AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN)."

(k) if it is outside the U.S. and is not a U.S. person, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the Issue Date), it will do so only (a)(i) outside the U.S. in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. state securities laws; and it acknowledges that the Covered Bonds represented by a Regulation S Global Covered Bond and Definitive Regulation S Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE STATE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE **AGENCY AGREEMENT**) AND IN RELIANCE ON AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS 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 (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS OR PRICING SUPPLEMENT, BY ITS ACQUISITION AND HOLDING OF THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN), 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" AS DEFINED IN AND 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 THE PURPOSES OF ERISA OR THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND AND ANY CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN) 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, A VIOLATION OF ANY APPLICABLE FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

ADDITIONALLY, IF THE PURCHASER OR TRANSFEREE OF THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN) IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, IT WILL BE FURTHER DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE ISSUER, THE DEALERS, THE LLP, THE BOND TRUSTEE, THE AUSTRALIAN BOND TRUSTEE, THE SECURITY TRUSTEE, ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THE TRANSACTION DOCUMENTS OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, OR ANY OF THEIR RESPECTIVE AFFILIATES, HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE WITHIN THE MEANING OF SECTION 3(21) OF ERISA TO THE BENEFIT PLAN INVESTOR, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR (**PLAN FIDUCIARY**), IN CONNECTION WITH ITS DECISION TO INVEST IN THIS COVERED BOND AND ANY CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN), AND THEY ARE NOT OTHERWISE UNDERTAKING TO ACT AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN), AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THIS COVERED BOND AND CORRESPONDING CURRENCY SWAP RIGHT (OR ANY INTEREST HEREIN)."

(l) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Rule 144A Covered Bonds in the U.S. to any one purchaser will be for less than U.S.$200,000 (and no less than the equivalent of €100,000) (or the approximate equivalent in another Specified Currency) principal amount and no Rule 144A Covered Bond will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$200,000 (and no less than the equivalent of €100,000) (or the approximate equivalent in another Specified Currency) principal amount of Registered Covered Bonds.

The relevant Dealer may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the relevant Dealer may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A is U.S.$200,000 (and no less than the equivalent of €100,000) (or the approximate equivalent in another Specified Currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Covered Bonds and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Covered Bonds outside the U.S. and for the resale of the Covered Bonds in the U.S. The Issuer and the lead managers reserve the right to reject any offer to purchase the Covered Bonds, in whole or in part, for any reason. This prospectus does not constitute an offer to any person in the U.S. or to any U.S. person, other than a QIB within the meaning of Rule 144A to whom an offer has been made directly by one of the lead managers or its U.S. broker-dealer affiliate. Distribution of this prospectus by any non-U.S. person outside the U.S. or by any QIB in the U.S. to any U.S. person or to any other person within the U.S., other than a QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the U.S., other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

Selling Restrictions

United States

Regulation S, Category 2, TEFRA D Rules apply, unless TEFRA C Rules are specified as applicable in the applicable Final Terms or Pricing Supplement or unless TEFRA Rules are not applicable. Sales to QIBs in reliance upon Rule 144A under the United States Securities Act of 1933, as amended (the Securities Act) who agree to purchase for their own account and not with a view to distribution will be permitted, if so specified in the applicable Final Terms or Pricing Supplement.

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and Covered Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act and any applicable local, state or federal securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder (the **Code**).

In connection with any Covered Bond which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Covered Bonds**), each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it will not offer, sell or deliver such Regulation S Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Covered Bond during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Covered Bond within the U.S. or to, or for the account or benefit of, United States persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Unless TEFRA C Rules are specified as applicable in the applicable Final Terms or Pricing Supplement or unless TEFRA Rules are not applicable, each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

(a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the D Rules), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Covered Bonds to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions Definitive Covered Bonds that are sold during the restricted period;

(b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Covered Bonds are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, it is acquiring Covered Bonds for purposes of resale in connection with their original issuance and if it retains Covered Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);

(d) with respect to each affiliate that acquires Covered Bonds from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf; and

(e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) that purchases any Covered Bonds from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations thereunder, including the D Rules.

Until 40 days after the commencement of the offering of a Tranche of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A is U.S.$200,000 (and no less than the equivalent of €100,000) (or the approximate equivalent in another Specified Currency).

To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are "restricted securities" within the meaning of the Securities Act, each of the Issuer and the LLP has undertaken in the Trust Deed (as defined under *Terms and Conditions of the Covered Bonds*) to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Covered Bonds remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and each of the Issuer and the LLP is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms or the Pricing Supplement, as applicable, in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is neither:

  (i) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; nor

  (ii) qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024; and

(b) the expression "an offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms or the Pricing Supplement, as applicable, in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 Regulation (EU) No 600/2014 as amended and as it forms part of UK domestic law by virtue of the EUWA;

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 as amended, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as amended and as it forms part of UK domestic law by virtue of the EUWA (as amended, **UK MiFIR**); and

(b) the expression "an offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

United Kingdom

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person apply to the Issuer or the LLP; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any such Covered Bonds in, from or otherwise involving the United Kingdom.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the **FIEA**) and the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Netherlands

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any Covered Bonds will only be offered in The Netherlands to qualified investors (as defined in the Prospectus Regulation), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Republic of Italy

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Covered Bonds to any investor in Italy.

Germany

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it shall only offer or sell Covered Bonds in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (*Wertpapier- prospektgesetz*) and the German Capital Investments Act (*Vermögensanlagengesetz*), each as amended, or any other laws applicable in the Federal Republic of Germany governing the offer and sale of securities. The Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree that it shall not offer or sell the Covered Bonds in the Federal Republic in Germany in a manner which could result in the Issuer being subject to any licence requirement under the German Banking Act (*Kreditwesengesetz*).

Republic of France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only offered or sold, and will only offer or sell, directly or indirectly, Covered Bonds in France to qualified investors (*investisseurs qualifiés*), as referred to in Article L. 411-2 of the French

Code monétaire et financier and defined in Article 2(e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended, and it has only distributed or caused to be distributed, and will only distribute or cause to be distributed in France to such qualified investors, this Prospectus and any other offering materials relating to the Covered Bonds.

Switzerland

Unless specified otherwise in the applicable Final Terms or Pricing Supplement:

(a) the Covered Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Covered Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland; and

(b) neither the Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus pursuant to the FinSA, and neither the Base Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001) in relation to the Programme or any Covered Bonds has been or will be lodged with Australian Securities and Investments Commission (**ASIC**). This Prospectus is not, and under no circumstances is to be construed as, an advertisement or public offering of any Covered Bonds in Australia. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in connection with the distribution of each Tranche of Covered Bonds, it:

(a) has not made or invited and it will not make (directly or indirectly) any offer or invitation in Australia or any offer or invitation which is received in Australia in relation to the issue, sale or purchase of any Covered Bonds; and

(b) has not distributed or published and will not distribute or publish any information memorandum, advertisement, disclosure document or other offering material relating to any Covered Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 for the Covered Bonds or its foreign currency equivalent (in either case disregarding moneys, if any, lent by the Issuer or other person offering the Covered Bonds or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act)), or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act; (ii) the offer or invitation is not made to a person who is a "retail client" (as defined in section 761G of the Corporations Act), (iii) such action complies with all applicable laws, regulations and directives in Australia and (iv) such action does not require any document to be lodged or registered with ASIC.

In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will comply with Banking exemption No. 2 of 2026 dated 15 July 2026 promulgated by the Australian Prudential Regulation Authority and which requires all offers and transfers to be in parcels of not less than A$500,000 in aggregate principal amount. Banking exemption No. 2 of 2026 dated 15 July 2026 does not apply to transfers which occur outside Australia.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time, the **SFA**)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as

defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275, of the SFA.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that it will, comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations or directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the LLP, the Bond Trustee, the Australian Bond Trustee, the Security Trustee the Agents, nor any of the other Dealers shall have any responsibility therefor. Furthermore, they will not directly or indirectly offer, sell or deliver any Covered Bonds or distribute or publish any form of application, prospectus, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Covered Bonds by them will be made on the same terms.

None of the Issuer, the LLP, the Bond Trustee, the Australian Bond Trustee, the Security Trustee the Agents, or any of the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other additional or modified restrictions (if any) as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the applicable Final Terms or Pricing Supplement.

Each Dealer will, unless prohibited by applicable law, furnish to each person to whom they offer or sell Covered Bonds a copy of the Prospectus as then amended or supplemented or, unless delivery of the Prospectus is required by applicable law, inform each such person that a copy will be made available upon request. The Dealers are not authorised to give any information or to make any representation not contained in the Prospectus in connection with the offer and sale of Covered Bonds to which the Prospectus relates.

This Prospectus may be used by the Dealers for offers and sales related to market-making transactions in the Covered Bonds. Any or each of the Dealers may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. None of the Dealers has any obligation to make a market in the Covered Bonds, and any market-making may be discontinued at any time without notice. The Dealers are participating in the initial distribution of the Covered Bonds.

If, in respect of any offering of Covered Bonds, the offer of such Covered Bonds in a given jurisdiction is required to be made by a licensed broker or dealer and if any Dealer or any affiliate of any Dealer involved in such offering is so licensed, the offer of such Covered Bonds in such jurisdiction shall be deemed to be made by the relevant Dealer(s) or affiliate(s), as the case may be, on behalf of the Issuer.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in the UK in connection with the establishment, implementation and operation of the Programme and the issue of Covered Bonds. The establishment, implementation and operation of the Programme and the issue of Covered Bonds were authorised by resolutions of the Board of Directors of the Issuer dated 25 January 2008. The establishment, implementation and operation of the Programme and the giving of the Covered Bond Guarantee was duly confirmed and authorised by a resolution of the LLP Management Board dated 15 October 2008. The current update of the Programme has been duly authorised by resolutions of the Committee of the Board of Directors of the Issuer dated 24 November 2025.

Listing of Covered Bonds

The listing of the Covered Bonds on the Official List (other than PR Exempt Covered Bonds) will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Covered Bonds which is to be admitted to the Official List and to trading on the main market of the London Stock Exchange will be admitted separately as and when issued or on such later date as the Issuer may agree with the relevant Dealer, subject only (in the case of a listing upon issue) to the issue of a Temporary Global Covered Bond, a Permanent Global Covered Bond, a Regulation S Global Covered Bond or a Rule 144A Global Covered Bond, as the case may be, initially representing the Covered Bonds of such Tranche. The listing of the Programme in respect of Covered Bonds is expected to be granted on or about 4 August 2026. Transactions will normally be effected for delivery on the third working day after the day of the transaction.

Documents Available

For so long as Covered Bonds may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at the office of Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN and will be available online at https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html:

(i) the Memorandum and Articles of Association of the Issuer and the constitutive documents of the LLP;

(ii) the Trust Deed (which includes the Guarantee and the forms of the Global Covered Bonds, the definitive Covered Bonds, the Coupons, the Receipts and the Talons);

(iii) the Agency Agreement;

(iv) the most recent publicly available reviewed or audited consolidated financial statements for the Issuer beginning with such financial statements for the years ended 31 December 2025 and 31 December 2024;

(v) the report of Deloitte LLP in respect of the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2025 and 31 December 2024;

(vi) the Issuer's H1 Results 2026 ;

(vii) the LLP's 2025 Annual Report;

(viii) the LLP's 2024 Annual Report;

(ix) each set of Final Terms and Pricing Supplement (save that Final Terms relating to a Covered Bond which is neither admitted to trading on the main market of the London Stock Exchange or a regulated market within the European Economic Area nor offered in the UK or the European Economic Area in circumstances where a prospectus is required to be published under the FSMA or the Prospectus Regulation will only be available for inspection by a holder of such Covered Bond and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Covered Bonds and identity); and

(x) a copy of this Prospectus together with any Supplemental Prospectus or further Prospectus and any documents incorporated by reference.

For so long as A$ Registered Covered Bonds are capable of being issued under the Programme, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at the office of the Australian Paying Agent at Level 2, 1 Bligh Street, Sydney NSW 2000, Australia:

(i) an original copy of the Australian Deed Poll;

(ii) the Trust Deed;

(iii) the Agency Agreement; and

(iv) the Australian Agency Agreement.

The Prospectus and the Final Terms or the Pricing Supplement, as applicable, for Covered Bonds that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html, https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html or the Issuer's website https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html.

Clearing Systems

The Covered Bonds issued pursuant to this Prospectus have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). In addition, the Issuer may make an application with respect to any Registered Covered Bonds, such as Rule 144A Covered Bonds, to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Covered Bonds of each Tranche of a Registered Covered Bond Series issued by the Issuer will be confirmed in the applicable Final Terms or Pricing Supplement. The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Covered Bonds will be set out in the applicable Final Terms or Pricing Supplement. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041-0099. The address of any alternative clearing system will be specified in the applicable Final Terms or Pricing Supplement.

If A$ Registered Covered Bonds are lodged into the Austraclear System, Austraclear will become the registered holder of those A$ Registered Covered Bonds in the A$ Register. While those A$ Registered Covered Bonds remain in the Austraclear System:

(i) all payments required of the Issuer, the LLP and the Trust Manager in relation to those A$ Registered Covered Bonds will be directed to Austraclear;

(ii) all notices regarding the A$ Registered Covered Bonds may be given to Austraclear for communication by it to the holders of beneficial interests in the A$ Registered Covered Bonds; and

(iii) all dealings and payments in relation to those A$ Registered Covered Bonds within the Austraclear System will be governed by the Austraclear Regulations.

The applicable Final Terms or Pricing Supplement will also indicate whether the relevant Covered Bonds will not be cleared through any clearing system.

Significant or Material Change

There has been no significant change in the financial position or financial performance of the Lloyds Bank Group since 30 June 2026, the date to which the Lloyds Bank Group's last published unaudited financial information (as set out in the **Issuer's H1 Results 2026**) was prepared. There has been no significant change in the financial performance or the financial position of the LLP since 31 December 2025, the date to which the LLP's last published audited financial information was prepared.

There has been no material adverse change in the prospects of the Issuer since 31 December 2025, the date to which the Issuer's last published audited financial information (as set out in the Issuer's 2025 Annual Report) was prepared.

There has been no material adverse change in the prospects of the LLP since 31 December 2025, the date to which the LLP's last published audited financial information was prepared.

Litigation Statement

Save as disclosed in the Form 20-F and the Issuer's H1 Results 2026 incorporated by reference in this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus, which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Lloyds Bank Group. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the LLP is aware) during the 12 months preceding the date of this Prospectus,

which may have or have had in the recent past a significant effect on the financial position or profitability of the LLP.

Save as disclosed in the sub-section entitled "*Conflicts of interest*" on page 14 of the Issuer's 2025 Annual Report incorporated by reference herein, none of the directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interests or other duties.

For information concerning the related party transactions, see "*Related Party Transactions*" on page 131 and 132 of the Issuer's 2025 Annual Report incorporated by reference herein.

Independent Auditors

Deloitte LLP, have audited, and rendered an unqualified audit report on, the audited consolidated published accounts of the Issuer and the LLP for the financial years ended 31 December 2025 and 31 December 2024. Deloitte LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales.

Legal Entity Identifier

The Legal Entity Identifier (**LEI**) of the Issuer is H7FNTJ4851HG0EXQ1Z70.

Issuer Website

The website of the Issuer is www.lloydsbankinggroup.com. The information on www.lloydsbankinggroup.com does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

Reports

The Trust Deed provides that the Bond Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Trust Deed, whether or not any such report or other information, or engagement letter or other document entered into by the Bond Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person.

Post-issuance information

The Issuer intends to provide a monthly Asset Coverage and Investor Report which will be made available to Covered Bondholders at https://www.lloydsbankinggroup.com/investors/fixed-income-investors/covered-bonds.html detailing, among other things, compliance with the Asset Coverage Test. The website and the contents thereof do not form part of this Prospectus.

In addition, the Issuer is required, pursuant to the terms of the RCB Regulations, to provide loan level information relating to the Loans in the Asset Pool and to display the Transaction Documents related to the Programme.

GLOSSARY

30/360, 360/360 or **Bond Basis**	The meaning given in Condition 4.5(c)(vi) on page 136 of Programme Conditions
30E/360 or **Eurobond Basis**	The meaning given in Condition 4.5(c)(vii) on page 136 of the Programme Conditions
30E/360 (ISDA)	The meaning given in Condition 4.5(c)(viii) on page 137 of the Programme Conditions
1999 Regulations	Unfair Terms in Consumer Contracts Regulations 1999 (SI 1999/2083), as amended
A$, Australian Dollar	The lawful currency for the time being of Australia
€, Euro or **euro**	The lawful currency for the time being of the Member States of the European Union that have adopted or may adopt the single currency introduced at the start of the third stage of European Economic Monetary Union pursuant to the Treaty of Rome of 25 March, 1957, as amended by, *inter alia*, the Single European Act of 1986 and the Treaty of European Union of 7th February, 1992 and the Treaty of Amsterdam of 2nd October, 1997 establishing the European Community
£ or **Sterling**	The lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland
$, U.S.$ or **U.S. Dollars** or **US Dollars**	The lawful currency for the time being of the United States of America
¥, Yen, JPY, Japanese ¥ or Japanese yen	The lawful currency for the time being of Japan
A$ Conditions	In relation to the A$ Registered Covered Bonds of any Series, the Terms and Conditions applicable to the A$ Registered Covered Bonds of that Series substantially in the form set out in Schedule 1 of the Trust Deed, as supplemented, amended, modified or replaced by the Final Terms or the Pricing Supplement, as applicable, to the A$ Registered Covered Bonds of that Series
A$ Covered Bondholder	Each holder of A$ Registered Covered Bonds specified in the A$ Register as the holder of that A$ Registered Covered Bond from time to time
A$ Record Date	The meaning given to it in Condition 2(c)
A$ Register	The register of holders of the A$ Registered Covered Bonds maintained by the Australian Registrar.
A$ Registered Covered Bond	Covered bonds denominated in A$ issued in registered form by entry in the A$ Register maintained by the Australian Registrar.
Account Bank	Lloyds Bank plc acting in its capacity as account bank and any other financial institution which accedes to the Bank Account Agreement as an Account Bank
Account Bank Required Ratings	At least a short-term, unsecured, unsubordinated and unguaranteed debt obligation rating of P-1 by Moody's and F1 by Fitch (or such other ratings that may be agreed between the parties to the Bank Account Agreement or the Guaranteed Investment Contract, as the case may be, provided that a Rating Agency Confirmation has been obtained)
Accrual Period	The meaning given on page 135 of this Prospectus

Accrual Yield	In relation to a Zero Coupon Covered Bond, the meaning given in the applicable Final Terms or Pricing Supplement
Accrued Interest	In relation to a Loan as at any date, interest accrued but not yet due and payable on such Loan from (and including) the Monthly Payment Day immediately preceding the relevant date to (but excluding) the relevant date
Actual/360	The meaning given in Condition 4.5(c)(v) on page 136 of this Prospectus
Actual/365 (Fixed)	The meaning given in Condition 4.5(c)(iii) on page 136 of this Prospectus
Actual/365 (Sterling)	The meaning given on page 136 of this Prospectus
Actual/Actual (ICMA)	The meaning given in Condition 4.5(c)(i) on page 135 of this Prospectus
Actual/Actual or **Actual/Actual (ISDA)**	The meaning given on page 136 of this Prospectus
Additional Business Centre	The meaning (if any) given in the applicable Final Terms or Pricing Supplement
Adjusted Aggregate Loan Amount	The meaning given on page 194 of this Prospectus
Adjusted Current Balance	The meaning given on page 194 of this Prospectus
adjusted issue price	The meaning given on page 255 of this Prospectus
Adjusted Required Redemption Amount	The meaning given on page 198 of this Prospectus
Administration Fee	The meaning given on page 191 of this Prospectus
Admission	The meaning given on page 29 of this Prospectus
Agency Agreement	The agency agreement dated the Programme Date and made between the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Principal Paying Agent and the other Paying Agents, the Exchange Agent, the Registrar and the Transfer Agent (as the same may be amended, restated, supplemented, replaced or novated from time to time) and, in relation to the A$ Registered Covered Bonds, includes the Australian Agency Agreement
Agents	The Paying Agents, the Registrar, the Exchange Agent, the Transfer Agents, the Australian Registrar and any Calculation Agent
Amortisation Test	The meaning given on page 196 of this Prospectus
Amortisation Test Aggregate Loan Amount	The meaning given on page 196 of this Prospectus
Amortisation Test Current Balance	The meaning given on page 197 of this Prospectus
Amortised Face Amount	The meaning given on page 146 of this Prospectus
applicable Final Terms	The meaning given on page 108 of this Prospectus
Arrears Adjusted Current Balance	The meaning given on page 194 of this Prospectus
Arrears of Interest	In respect of a Loan as at any date, the aggregate of all interest which is due and payable and remains unpaid on that date
in Arrears	In respect of a Mortgage Account, that one or more Monthly Payments in respect of such Mortgage Account have become due and remain unpaid by a Borrower
Asset Coverage and Investor Report	The report substantially in the form set out in Schedule 3 to the Cash Management Agreement, to be prepared by the Cash Manager each

	month or at such other intervals as Lloyds Bank plc, the LLP, the Cash Manager and the Rating Agencies may agree
Asset Coverage Test	The meaning given on page 193 of this Prospectus
Asset Coverage Test Breach Notice	The notice required to be served by the Bond Trustee if the Asset Coverage Test is not satisfied on two consecutive Calculation Dates
Asset Monitor	PricewaterhouseCoopers LLP appointed as such under the Asset Monitor Agreement (and any successor asset monitor appointed in accordance with the Asset Monitor Agreement)
Asset Monitor Agreement	The asset monitor agreement entered into on the Programme Date between the Asset Monitor, the LLP, the Cash Manager, the Issuer, the Bond Trustee and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time)
Asset Monitor Report	A report substantially in the form contained in Schedule 2 to the Asset Monitor Agreement and prepared by the Asset Monitor on the basis of and in accordance with the calculations and procedures set out in Schedule 3 of the Asset Monitor Agreement
Asset Percentage	93.0 per cent. or such lower percentage figure as determined from time to time pursuant to Clause 11.3 of the LLP Deed
Asset Pool	All assets of the LLP from time to time including but not limited to the Portfolio, any Substitution Assets, any Authorised Investments, the rights of the LLP in the Transaction Documents, the LLP Accounts and all amounts standing to the credit thereto and any other assets referred to in Regulation 3(1) (*Asset Pool*) of the RCB Regulations, provided that all such assets are recorded as comprising the asset pool under the RCB Regulations
Asset Segregation	The meaning given on page 18 of this Prospectus
Austraclear	Austraclear Ltd ABN 94 002 060 773
Austraclear Regulations	The regulations established by Austraclear to govern the use of the Austraclear System
Austraclear System	The clearance and settlement system operated by Austraclear
Australian Agency Agreement	Has the meaning given to it in the Programme Conditions
Australian Banking Act	Banking Act 1959 (Cth) of Australia
Australian Bond Trustee	The Bank of New York Mellon, London Branch acting through its office at 160 Queen Victoria Street, London EC4V 4LA, in its capacity as Australian bond trustee under the Trust Deed together with any successor or additional Australian bond trustee appointed from time to time thereunder
Australian Calculation Agent	BTA Institutional Services Australia Limited (ABN 48 002 916 396) or any other person appointed by the Issuer and/ or the LLP to perform calculation duties from time to time
Australian Deed Poll	Means the deed poll dated 8 May 2019 made by the Issuer in favour of the Australian Bond Trustee and the A$ Covered Bondholders in respect of A$ Registered Covered Bonds, as modified and/or supplemented and/or restated from time to time
Australian Paying Agent	BTA Institutional Services Australia Limited (ABN 48 002 916 396) or any other person appointed by the Issuer and/ or the LLP to perform payment duties from time to time

Australian Registrar

BTA Institutional Services Australia Limited (ABN 48 002 916 396) or any other person appointed by the Issuer and/ or the LLP to maintain the A$ Register from time to time

Authorised Investments

Each of:

(a) Sterling gilt-edged securities having a remaining maturity of 30 days or less and maturing on or before the next following LLP Payment Date; and

(b) Sterling demand or time deposits, provided that in all cases such investments have a remaining period to maturity of 30 days or less and mature on or before the next following LLP Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least (i) P-1 by Moody's and F1+ by Fitch or (ii) their equivalents by three other internationally recognised rating agencies,

provided that such Authorised Investments comply with the requirements of Regulation 2(1)(a) of the RCB Regulations

Authorities

The HM Treasury, the BoE, the PRA and the FCA, as the context requires.

Available Principal Receipts

On a relevant Calculation Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger on the GIC Account;

(b) any other amount standing to the credit of the Principal Ledger including (i) the proceeds of any Term Advance (where such proceeds have not been applied to acquire New Portfolios or invest in Substitution Assets), (ii) any Cash Capital Contributions received from a Member (other than those Cash Capital Contributions credited to the Reserve Ledger on the GIC Account) and (iii) the proceeds from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement to the extent that such proceeds represent principal, but excluding any amount of principal received under the Covered Bond Swap Agreements, which is otherwise applied by the LLP in accordance with the provisions of the LLP Deed;

(c) following repayment of any Hard Bullet Covered Bonds by the Issuer and the LLP on the Final Maturity Date thereof, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger in respect of such Series of Hard Bullet Covered Bonds (except where the LLP has elected to or is required to retain such amounts on the Pre-Maturity Liquidity Ledger);

(d) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap; and

(e) any Excess Proceeds,

Excluding

(f) any Swap Collateral Excluded Amounts (to the extent otherwise constituting Available Principal Receipts);

(g) Tax Credits and any amount received by the LLP in respect of Tax Credits (to the extent otherwise constituting Available Principal Receipts); and

(a) Swap Provider Tax Payments received from Swap Providers (to the extent otherwise constituting Available Principal Receipts)

Available Revenue Receipts

(a) On a relevant Calculation Date, an amount equal to the aggregate of (without double counting):

(b) the amount of Revenue Receipts received during the immediately preceding Calculation Period and credited to the Revenue Ledger on the GIC Account;

(c) other net income of the LLP including all amounts of interest received on the LLP Accounts, the Substitution Assets and any Authorised Investments in the preceding Calculation Period and the proceeds from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement to the extent that such proceeds comprise Accrued Interest, but excluding amounts received by the LLP under the Interest Rate Swap Agreement and amounts in respect of interest received by the LLP under each Covered Bond Swap Agreement, in each case which is otherwise applied by the LLP in accordance with the LLP Deed;

(d) amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount;

(e) any other Revenue Receipts not referred to in paragraphs (b) to (d) (inclusive) above received during the previous Calculation Period and standing to the credit of the Revenue Ledger on the GIC Account;

(f) following service of a Notice to Pay or an Asset Coverage Test Breach Notice (which remains outstanding), amounts standing to the credit of the Reserve Fund; and

(g) the amount of any premium received by the LLP from a new Swap Provider as consideration for the entry by the LLP into a new Swap, except to the extent applied to pay any termination payment under the relevant Swap being replaced,

Excluding

(h) Third Party Amounts, which shall be paid on receipt in cleared funds to the Seller (to the extent otherwise constituting Available Revenue Receipts);

(i) Tax Credits and any amount received by the LLP in respect of Tax Credits (to the extent otherwise constituting Available Revenue Receipts);

(j) Swap Collateral Excluded Amounts (to the extent otherwise constituting Available Revenue Receipts); and

(k) Swap Provider Tax Payments received from the Swap Providers

Average Mortgage Account Balance	The simple average mortgage account balance, calculated as the total outstanding Current Balance of all Mortgage Accounts in the Portfolio at the Cut-off Date, divided by the number of Mortgage Accounts in the Portfolio at the same date
Bank Account Agreement	The bank account agreement entered into on the Programme Date between the LLP, the Account Bank, the Cash Manager, the GIC Provider and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)
Banking Act	Banking Act 2009
Banking Reform Act	The meaning given on page 42 of this Prospectus
Basel Committee	The meaning given on page 89 of this Prospectus
Basel III	The meaning given on pages 89 of this Prospectus
BBSW Rate	The meaning given to it in Condition 4.2(c)
BCBS	The meaning given on page 89 of this Prospectus
Bearer Covered Bonds	Covered Bonds in bearer form
Bearer Definitive Covered Bond	A Bearer Covered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer, the Agency Agreement and the Trust Deed in exchange for either a Temporary Global Covered Bond or part thereof or a Permanent Global Covered Bond (all as indicated in the applicable Final Terms or Pricing Supplement), such Bearer Covered Bond in definitive form being in the form or substantially in the form set out in Part 3 of Schedule 2 to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer or Lead Manager (in the case of syndicated issues) and having the Programme Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Programme Conditions by reference as indicated in the applicable Final Terms or Pricing Supplement and having the relevant information supplementing, replacing or modifying the Programme Conditions appearing in the applicable Final Terms or Pricing Supplement endorsed thereon or attached thereto and (except in the case of a Zero Coupon Covered Bond in bearer form) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue
Bearer Definitive Covered Bonds	The meaning given on page 108 of this Prospectus
Bearer Global Covered Bonds	Global Covered Bonds in bearer form, comprising Temporary Global Covered Bonds and Permanent Global Covered Bonds substantially in the forms set out in Part 1 and Part 2, respectively, of Schedule 2 to the Trust Deed
Belmont decision	The meaning given on page 84 of this Prospectus
Benchmark Rate Determination	The meaning given to it on page 119 of this Prospectus.
Benchmarks Regulation	The meaning given on page 4 of this Prospectus
Beneficial Owner	Each actual purchaser of each DTC Covered Bond
Bond Trustee	BNY Mellon Corporate Trustee Services Limited, in its capacity as bond trustee under the Trust Deed together with any successor or additional bond trustee appointed from time to time thereunder
BHC Act	The meaning given on page 168 of this Prospectus

Borrower	In relation to a Loan, each individual specified as such in the relevant Mortgage Conditions together with each individual (if any) from time to time assuming an obligation to repay such Loan or any part of it
BoE	The Bank of England
BOS	Bank of Scotland plc, a public limited company incorporated under the laws of Scotland (registered number SC 327000) whose registered office is at The Mound, Edinburgh EH1 1YZ, Scotland
BOS Loan	Each Loan which is either a Halifax Loan or a LOB Loan
BOS Power of Attorney	A power of attorney to be provided by BOS to Lloyds Bank plc, the LLP and the Security Trustee in respect of those BOS Loans included in the Portfolio substantially in the form set out in schedule 4 (Power of Attorney in favour of the Purchaser, the LLP and the Security Trustee) to the Intercompany Mortgage Sale Agreement
Broken Amount	The meaning (if any) given in the applicable Final Terms or Pricing Supplement
Business Day	The meaning given in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) on page 134 of this Prospectus
Business Day Convention	In respect of a Tranche of Covered Bonds and either the Specified Periods or the Interest Payment Dates, the business day convention specified in the applicable Final Terms or Pricing Supplement and determined in accordance with Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) on page 134 of this Prospectus
Buy-to-Let Loan	A Loan that has been made to a Borrower who wishes to purchase or remortgage the relevant Property for the purpose of letting to third parties either by way of assured shorthold tenancy or by way of a tenancy which would be an assured shorthold tenancy but for the level of rent payable under the tenancy exceeding the maximum amount prescribed for such tenancies, or in respect of Scottish Mortgages, a short assured tenancy
Buy–to-Let Product	A range of specific mortgage products available to customers with Buy-to-Let loans and to customers with Buy-to-Let Loans and to those customers where the Seller has consented to the borrower letting the property
C&G and Cheltenham & Gloucester	Cheltenham & Gloucester plc (registered number 02299428), a public limited company incorporated under the laws of England and Wales, whose registered office is at Barnett Way, Gloucester GL4 3RL
C&GBS	Cheltenham & Gloucester Building Society
Calculation Agent	(a) In relation to one or more Series of Floating Rate Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the LLP pursuant to the Agency Agreement or, if applicable, any successor calculation agent in relation to such Covered Bonds (b) In relation to A$ Registered Covered Bonds, the Australian Calculation Agent
Calculation Agent(s)	The meaning given on page 107 of this Prospectus

Calculation Amount	In relation to any Series of Covered Bonds has the meaning given to it in the applicable Final Terms or Pricing Supplement
Calculation Date	The third London Business Day prior to each LLP Payment Date
Calculation Period	The period from, and including the first day of each calendar month to, and including, the last day of each calendar month except that for the first Series of Covered Bonds the first Calculation Period means the period from, and including, the First Sale Date to, and including, the last day of October 2008
Capital Account Ledger	The ledger maintained by the Cash Manager on behalf of the LLP in respect of each Member to record the balance of each Member's Capital Contributions from time to time
Capital Balance	For a Loan at any date the principal balance of that Loan to which the Servicer applies the relevant interest rate at which interest on that Loan accrues which, for the avoidance of doubt, shall not include Capitalised Expenses and Capitalised Interest
Capital Contribution	In relation to each Member, the aggregate of the capital contributed by that Member to the LLP from time to time by way of Cash Capital Contributions and Capital Contributions in Kind as determined on each Calculation Date in accordance with the formula set out in the LLP Deed
Capital Contribution in Kind	A contribution by way of Loans and their Related Security to the LLP in an amount equal to (a) the Current Balance of those Loans as at the relevant Sale Date minus (b) any cash payment paid by the LLP to the Seller for the Loans and their Related Security on that Sale Date, plus (c) the principal amount of all Flexible Loan Drawings and Further Advances in respect of such Loans which are funded by the Seller as a Member of the LLP and, without double counting, any increases in the Current Balance of the relevant Loan
Capital Distribution	Any return on a Member's Capital Contribution in accordance with the terms of the LLP Deed (and excluding, for the avoidance of doubt, any Deferred Consideration)
Capitalised Expenses	In relation to a Loan, the amount of all expenses, charges, fees, premiums or payments capitalised and added to the Capital Balance in respect of such Loan in accordance with the relevant Mortgage Conditions
Capitalised Interest	The aggregate increase in the Capital Balance of a Loan that occurs as a result of interest accruing on and being capitalised and added to the Capital Balance
Cash Capital Contribution	A capital contribution to the LLP made in cash whether by way of loan or otherwise and including the amount paid by the Seller to the LLP in respect of unpaid interest and principal in association with the Underpayment or any Payment Holidays on the Loans in the Portfolio in accordance with the provisions of the LLP Deed
Capital Requirements Regulation	Regulation (EU) No 575/2013 the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as amended
Cash Management Agreement	The cash management agreement entered into on the Programme Date between the LLP, the Cash Manager and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)

Cash Manager	Lloyds Bank plc, in its capacity as cash manager or any successor cash manager appointed from time to time pursuant to the Cash Management Agreement
CCA	Consumer Credit Act 1974, as amended
CCA 2006	Consumer Credit Act 2006
CRA	Consumer Rights Act 2015
Certificate of Title	A solicitor's or licensed conveyancer's or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the relevant Originator in respect of each Property substantially in the form of the pro-forma set out in the Standard Documentation
CFTC	The meaning given on page 168 of this Prospectus
Charged Property	The meaning given on page 207 of this Prospectus
Clearing Systems	DTC, Euroclear, Clearstream, Luxembourg and/or Austraclear
Clearstream, Luxembourg	Clearstream Banking S.A. or its successors
CMA	Competition and Markets Authority
CML	Council of Mortgage Lenders
CML Code	Mortgage Code (as defined below)
Code	The meaning given on page 33 of this Prospectus
Common Depositary	The common depositary for Euroclear and Clearstream, Luxembourg
Common Safekeeper	Euroclear SA/NV or any entity so determined pursuant to the Agency Agreement
Companies Act	The meaning given to the term "Companies Acts" in Section 2 of the Companies Act 2006, with the addition of the words "to the extent that they are in force" at the end of Section 2(1)(a) (as it applies to limited liability partnerships) and any regulations made pursuant to those Acts to the extent that they are in force
Company	Lloyds Banking Group plc, registered in Scotland (no. SC095000)
CONC	The FCA's consumer credit sourcebook
consolidated financial statements	The meaning given on page 16 of this Prospectus
Corporate Services Agreement	The corporate services agreement dated the Programme Date entered into by the Liquidation Member and Holdings, with, *inter alios*, the Corporate Services Provider and the LLP (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)
Corporate Services Provider	CSC Management Services (UK) Limited (formerly known as Intertrust Management Limited) acting through its office at 5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU, in its capacity as corporate services provider together with any successor corporate services provider from time to time
Corporations Act	Corporations Act 2001 (Cth) of Australia
Coupon	An interest coupon appertaining to a Bearer Definitive Covered Bond (other than a Zero Coupon Covered Bond), such coupon being: (a) if appertaining to a Fixed Rate Covered Bond, substantially in the form set out in Part 5A of Schedule 2 to the Trust Deed or in such other form, having regard to the terms of

	issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer; or (b) if appertaining to a Floating Rate Covered Bond, substantially in the form set out in Part 5B of Schedule 2 to the Trust Deed or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer; or (c) if appertaining to a Bearer Definitive Covered Bond which is neither a Fixed Rate Covered Bond nor a Floating Rate Covered Bond, in such form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer
Couponholders	The holders of the Coupons (which expression shall, unless the context otherwise requires, include the holders of the Talons)
Coupons	The meaning given on page 108 of this Prospectus
Covered Bond	Each covered bond (including any A$ Registered Covered Bonds and N Covered Bonds provided that the relevant N Covered Bondholder, in the case of the initial N Covered Bondholder, has entered into the related N Covered Bond Confirmation or, in the case of an assignee, has agreed to be bound by the terms of such N Covered Bond Confirmation by way of an N Covered Bond Assignment Agreement) issued or to be issued pursuant (except in the case of N Covered Bonds) to the Programme Agreement and which is or is to be constituted under the Trust Deed or, in relation to A$ Registered Covered Bonds, the Australian Deed Poll, which covered bond may be represented by a Global Covered Bond or any Definitive Covered Bond or, in the case of any N Covered Bond, by a relevant certificate and includes any replacements for a Covered Bond issued pursuant to Condition 10 (Replacement of Covered Bonds, Receipts, Coupons and Talons) of the Terms and Conditions or, in the case of N Covered Bonds, equivalent provisions.
Covered Bond Guarantee	An unconditional and irrevocable guarantee by the LLP in the Trust Deed for the payment (following service of a Notice to Pay or an LLP Acceleration Notice) of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment
Covered Bonds	The meaning given on page 2 of this Prospectus
Covered Bond Swap	Each transaction between the LLP, the relevant Covered Bond Swap Provider and the Security Trustee pursuant to a Covered Bond Swap Agreement
Covered Bond Swap Agreement	Each agreement between the LLP, a Covered Bond Swap Provider and the Security Trustee governing any Covered Bond Swaps in the form of an ISDA Master Agreement, including a schedule, one confirmation in relation to one transaction and a credit support annex
Covered Bond Swap Agreements	The meaning given on page 204 of this Prospectus
Covered Bondholder	The meaning given on page 110 of this Prospectus
Covered Bond Swap Early Termination Event	The meaning given on page 205 of this Prospectus
Covered Bond Swap Provider	Each provider of a Covered Bond Swap under a Covered Bond Swap Agreement

Covered Bond Swap Rate	In relation to a Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap relating to such Covered Bonds or, if the relevant Covered Bond Swap Agreement has terminated, the applicable spot rate
Covered Bondholders	Means the several persons who are for the time being holders of outstanding Covered Bonds (being, in the case of Bearer Covered Bonds, the bearers thereof and, in the case of Registered Covered Bonds or A$ Registered Covered Bonds, the several persons whose names are entered in the register of holders of the Registered Covered Bonds or A$ Registered Covered Bonds as the holders thereof) save that, in respect of the Covered Bonds of any Series, for so long as such Covered Bonds or any part thereof are represented by a Bearer Global Covered Bond deposited with a Common Depositary or, as the case may be, the Common Safekeeper for Euroclear and Clearstream, Luxembourg, or so long as DTC, Euroclear, Clearstream, Luxembourg or in the case of A$ Registered Covered Bonds, Austraclear, or its nominee is the registered holder of a Registered Global Covered Bond, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) or, as the case may be, DTC or its nominee, as the holder of a particular principal amount of the Covered Bond of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds or, in the case of A$ Registered Covered Bonds, Austraclear or its nominee, as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds (and the holder of the relevant Global Covered Bond shall be deemed not to be the holder) for all purposes under the Trust Deed other than with respect to payment of principal or interest on such principal amount of such Covered Bonds and, in the case of DTC or its nominee, voting, giving consents and making requests pursuant to the Trust Deed, the rights to which shall be vested, as against the Issuer, the LLP and the Bond Trustee, solely in such common depositary or the Common Safekeeper or, as the case may be, DTC or its nominee and for which purpose such Common Depositary or the Common Safekeeper or, as the case may be, DTC or its nominee shall be deemed to be the holder of such principal amount of such Covered Bonds in accordance with and subject to its terms and the provisions of the trust presents and the expressions **Covered Bondholder**, **Holder** and **holder of Covered Bonds** and related expressions shall be construed accordingly
CPUTR	The meaning given on page 229 of this Prospectus
EU CRA Regulation	The meaning given on page 2 of this Prospectus
Current Balance	In relation to any Loan at any date (the **current balance determination date**), the aggregate at such date (but avoiding double counting) of: (a) the Initial Advance; (b) Further Advances and/or Flexible Loan Drawings; (c) Capitalised Expenses; (d) Capitalised Interest; and

	(e) all expenses, charges, fees, premium or payment due and owing by the Borrower which have not yet been capitalised in each case relating to such Loan less all prepayments, repayments or payments of any of the foregoing made on or prior to the current balance determination date; and In relation to any Mortgage Account at the current balance determination date, the aggregate at such date of the Current Balance in respect of each Loan comprised in the relevant Mortgage Account
Custodian	Any custodian with whom the relevant Registered Global Covered Bonds have been deposited
Customer Files	The file or files relating to each Loan and its Related Security containing, *inter alia*: (a) all material correspondence relating to that Loan; and (b) the completed mortgage documentation applicable to the Loan (other than the Title Deeds) including the Valuation Report and the solicitor's or licensed or qualified conveyancer's Certificate of Title, whether original documentation, in electronic form or otherwise
Cut-off Date	Means the last day of the calendar month immediately preceding the date of the relevant Asset Coverage and Investor Report
CVA	The meaning given on page 41 of this Prospectus
Day Count Fraction	The meaning given in Condition 4.5(c) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) on page 135 of the Programme Conditions
daily portions	The meaning given on page 254 of this Prospectus
Dealer	Each dealer appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis. As at the date of this Prospectus, the Dealer is Lloyds Bank Corporate Markets plc (referred to throughout this Prospectus as the **Dealer**)
Dealers	The meaning given on page 2 of this Prospectus
Deed of Charge	The deed of charge dated the Programme Date and made between the LLP, the Bond Trustee, the Security Trustee and the other Secured Creditors (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)
Deed of Novation	The deed of novation and assignment dated 20 April 2012 entered into by, among others, the Issuer, the LLP, C&G and Lloyds Bank plc under which C&G novated its role as Servicer and Cash Manager to Lloyds Bank plc
Defaulted Loan	Any Loan in the Portfolio where the amount in Arrears is equal to or greater than three times the current Monthly Payment
Deferred Consideration	The consideration payable to the Seller in respect of the Loans sold to the LLP from time to time, which is payable after making payments of a higher order of priority as set out in the relevant Priority of Payments
Definitive Covered Bond	A Bearer Definitive Covered Bond and/or a Registered Definitive Covered Bond, as the context may require
Definitive Covered Bonds	The meaning given on page 108 of this Prospectus

Definitive Regulation S Covered Bond	A Registered Covered Bond in definitive form sold to non-U.S. persons outside the U.S. in reliance on Regulation S
Definitive Rule 144A Covered Bond	A Registered Covered Bond in definitive form sold in the U.S. to QIBs in reliance on Rule 144A
Designated Account	The meaning given in Condition 5.4 (*Payments in respect of Registered Covered Bonds*) of the Programme Conditions
Designated Bank	The meaning given in Condition 5.4 (*Payments in respect of Registered Covered Bonds*) of the Programme Conditions
Designated Maturity	The meaning given in the applicable ISDA Definitions
Designated Member	Each Member appointed and registered as such from time to time having those duties and obligations set out in Sections 8 and 9 of the LLPA being, as at the Programme Date, Lloyds Bank plc and the Liquidation Member
Designated Members	The meaning given on page 192 of this Prospectus
Determination Date	The meaning given in the applicable Final Terms or Pricing Supplement
Determination Period	The meaning given in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions
Direct Participants	Direct participants in DTC
Directors	The directors for the time being of the Issuer
Disclosure and Transparency Rules	The Disclosure and Transparency Rules made under Part VI of the FSMA
Disclosure Regulations	The meaning given on page 257 of this Prospectus
Discounted Discretionary Rate Loans	Loans which allow the borrower to pay interest at a specified discount to a Discretionary Rate
Discretionary Rate	Standard Variable Rates and/or any other discretionary rates applicable to any Discretionary Rate Loans
Discretionary Rate Loans	Loans which are subject to either the Standard Variable Rates or to other Discretionary Rates for the life of the mortgage loan
Discretionary Rates	The meaning given on page 189 of this Prospectus
Distribution Compliance Period	The period that ends 40 days after the later of the commencement of the offering and the Issue Date
DPA	Data Protection Act 1998, as amended
DTC	The Depository Trust Company or its successors
DTC Covered Bonds	Registered Covered Bonds accepted into DTC's book-entry settlement system
DTCC	The Depository Trust & Clearing Corporation
Due for Payment	The requirement by the LLP to pay any Guaranteed Amount: (a) following service of a Notice to Pay but prior to service of an LLP Acceleration Notice: (i) (except where paragraph (ii) below applies) on the date on which the Scheduled Payment Date in respect of such Guaranteed Amount is reached, or, if the applicable Final Terms or Pricing Supplement specified that an Extended Due for Payment Date is applicable to the relevant Series

of Covered Bonds, on the Interest Payment Date that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date or such other Interest Payment Date(s) specified in the applicable Final Terms or Pricing Supplement (the Original Due for Payment Date); and

(ii) in relation to any Guaranteed Amount in respect of the Final Redemption Amount payable on the Final Maturity Date of a Series of Covered Bonds for which an Extended Due for Payment Date is specified in the applicable Final Terms, or Pricing Supplement on the Extended Due for Payment Date, but only to the extent that the LLP, having received the Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date, does not pay Guaranteed Amounts corresponding to the full amount of the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date, because the LLP has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of (1) the date which falls two Business Days after service of the 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 the Final Terms or Pricing Supplement (if any)) and (2) the Extension Determination Date or if, in either case, such day is not a Business Day, the next following Business Day.

For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise; or

(b) following service of an LLP Acceleration Notice, on the date on which the LLP Acceleration Notice is served on the Issuer and the LLP,

and the date on which any payment is Due for Payment shall be the **Due for Payment Date**

Earliest Maturing Covered Bonds — At any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the GIC Account) that has or have the earliest Final Maturity Date as specified in the applicable Final Terms or Pricing Supplement (ignoring any acceleration of amounts due under the Covered Bonds prior to service of an LLP Acceleration Notice)

Early Redemption Amount — The amount calculated in accordance with Condition 6.7 (*Early Redemption Amounts*) of the Programme Conditions

Early Repayment Charges — The charge which a Borrower is required to pay under the terms of the relevant Loan if he or she repays all or part of the Loan before a specified date

Eligibility Criteria — The meaning given on page 181 of this Prospectus

EU EMIR — The meaning given on page 85 of this Prospectus

English Loan	A Loan, including a BOS Loan, secured by a Mortgage over a Property located in England or Wales
ERISA	The meaning given on page 39 of this Prospectus
ERISA Plans	The meaning given on page 261 of this Prospectus
ESMA	The meaning given on page 60 of this Prospectus
Established Rate	The meaning given on page 143 of this Prospectus
EU	The European Union
EURIBOR	Euro-zone inter-bank offered rate
Euroclear	Euroclear Bank SA/NV or its successors
EUWA	The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time
Excess Proceeds	In accordance with the Terms and Conditions, moneys received (following service of an Issuer Acceleration Notice) by the Bond Trustee or the Australian Bond Trustee from the Issuer or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration or other similar officer appointed in relation to the Issuer
Exchange Act	The U.S. Securities Exchange Act of 1934, as amended
Exchange Agent	The Bank of New York Mellon, London Branch in its capacity as exchange agent (which expression shall include any successor exchange agent)
Exchange Agents	The meaning given on page 107 of this Prospectus
Exchange Date	On or after the date which is 40 days after a Temporary Global Covered Bond is issued
Exchange Event	In the case of Bearer Covered Bonds, the meaning given on page 81 and in the case of Registered Covered Bonds, the meaning given on page 82 of this Prospectus
Excluded Scheduled Interest Amounts	The meaning given in the definition of Scheduled Interest
Excluded Scheduled Principal Amounts	The meaning given in the definition of Scheduled Principal
Excluded Swap Termination Amount	In relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable under that Swap Agreement (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider
Extended Covered Bond	The meaning given on page 221 of this Prospectus
Extended Due for Payment Date	In relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms or Pricing Supplement to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full by the Extension Determination Date
Extension Determination Date	In relation to any Series of Covered Bonds, the date falling two Business Days after the expiry of 14 days from (and including) the Final Maturity Date of such Series of Covered Bonds

Extraordinary Resolution	A resolution of the Covered Bondholders passed as such under the terms of the Trust Deed
FATCA	The meaning given on page 232 of this Prospectus
FCA	The meaning given on page 12 of this Prospectus
FCA or Financial Conduct Authority	Financial Conduct Authority of the United Kingdom
Federal Reserve Board	The meaning given on page 168 of this Prospectus
FIEA	The meaning given on page 272 of this Prospectus
Final Maturity Date	The Interest Payment Date on which a Series of Covered Bonds will be redeemed at the Final Redemption Amount in accordance with the Programme Conditions
Final Redemption Amount	The meaning given in the applicable Final Terms or Pricing Supplement
Final Terms	The final terms substantially in the form of Schedule 3 to the Agency Agreement which, with respect to each Tranche of Covered Bonds to be admitted to the Official List and admitted to trading by the London Stock Exchange, will be delivered to the FCA and the London Stock Exchange on or before the date of issue of the applicable Tranche or Series of Covered Bonds
Financial Instruments and Exchange Law of Japan	The Financial Instruments and Exchange Law of Japan Law No. 25 of 1948, as amended
Financial Services Act	Legislative Decree No. 58 of 24 February 1998 of the Republic of Italy, as amended
financial statements	The meaning given on page 16 of this Prospectus
First Sale Date	The date on which the Initial Portfolio is assigned to the LLP pursuant to the terms of the Mortgage Sale Agreement
Fitch	Fitch Ratings Ltd. or its successors
Fixed Coupon Amount	The meaning given in the applicable Final Terms or Pricing Supplement
Fixed Rate Covered Bonds	Covered Bonds that pay a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) as indicated in the applicable Final Terms or Pricing Supplement;
Fixed Rate Loans	Loans where the interest rate payable by the Borrower does not vary and is fixed for a certain period of time by the Seller or by BOS (in respect of the BOS Loans)
Flexible Draw Capacity	The meaning given on page 196 of this Prospectus
Flexible Loan	A type of Loan product that typically incorporates features that give the Borrower options (which may be subject to certain conditions) to, among other things, make further drawings on the Mortgage Account and/or overpay or underpay interest and principal in a given month and/or take a Payment Holiday
Flexible Loan Drawing	Any further drawing of moneys made by a Borrower under a Flexible Loan other than the Initial Advance
Floating Rate	The meaning given in the applicable ISDA Definitions
Floating Rate Convention	The meaning given in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Terms and Conditions

Floating Rate Covered Bonds	Covered Bonds which bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the applicable ISDA Definitions; or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealer, as set out in the applicable Final Terms or Pricing Supplement, as the case may be
Floating Rate Option	The meaning given in the applicable ISDA Definitions
Following Business Day Convention	The meaning given in Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions
Foreign Currency Covered Bond	The meaning given on page 253 of this Prospectus
foreign passthru payments	The meaning given on page 229 of this Prospectus
Forward Starting Covered Bond Swap	Each covered bond swap transaction described in a Forward Starting Covered Bond Swap Agreement
Forward Starting Covered Bond Swap Agreement	Each agreement between the LLP, the relevant Covered Bond Swap Provider and the Security Trustee in respect of a Series or Tranche, as applicable, of Covered Bonds which provides a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans in the Portfolio and the Interest Rate Swap and amounts payable by the LLP under the Covered Bond Guarantee in respect of Covered Bonds (after service of a Notice to Pay or an LLP Acceleration Notice) in the form of an ISDA Master Agreement, including a Schedule, one confirmation in relation to one transaction and a credit support annex
FOS	Financial Ombudsman Service under the FSMA
FSA or Financial Services Authority	The Financial Services Authority of the United Kingdom (from 1 April 2013, the Financial Conduct Authority or the Prudential Regulatory Authority, as applicable)
FSCS	The meaning given on page 45 of this Prospectus
FSMA	Financial Services and Markets Act 2000, as amended
FTT	The meaning given on page 70 of this Prospectus
Further Advance	In relation to a Loan, any advance of further money to the relevant Borrower following the making of the Initial Advance which is secured by the same Mortgage as the Initial Advance but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage and does not include a Flexible Loan Drawing
GIC Account	The account in the name of the LLP held with the Account Bank and maintained subject to the terms of the Guaranteed Investment Contract, the Bank Account Agreement, the Deed of Charge and the LLP Deed or such additional or replacement account as may for the time being be in place pursuant to the Cash Management Agreement with the prior consent of the Security Trustee and designated as such
GIC Provider	Lloyds Bank plc, in its capacity as GIC provider or any successor GIC provider appointed from time to time

Global Covered Bond	A Bearer Global Covered Bond and/or Registered Global Covered Bond, as the context may require
Group	See definition of "Lloyds Bank Group"
Guaranteed Amounts	Prior to service of an LLP Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, or after service of an LLP Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Terms and Conditions plus all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds (other than additional amounts payable under Condition 7 (*Taxation*) of the Terms and Conditions), including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the LLP under the Trust Deed
Guaranteed Amounts Due Date	The later of (a) the date which is two Business Days following service of a Notice to Pay on the LLP, and (b) the date on which the Guaranteed Amounts are otherwise Due for Payment
Guaranteed Investment Contract or GIC	The guaranteed investment contract dated the Programme Date between the LLP, the Cash Manager, the GIC Provider and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)
Guarantee Priority of Payments	The meaning given on page 219 of this Prospectus
Guarantor	Lloyds Bank Covered Bonds LLP
Halifax	Halifax plc
Halifax Loan	Each Loan originated by BOS under the Halifax brand
Halifax Standard Variable Rate	The standard variable rate set by BOS in relation to applicable Variable Rate Loans (other than Tracker Loans) beneficially owned by BOS on BOS's residential mortgage book
Hard Bullet Covered Bonds	The Covered Bonds of a Tranche or Series which are not subject to an Extended Due for Payment Date as specified in the Final Terms or Pricing Supplement
HBOS	HBOS plc, registered in Scotland with registered number SC218813
HBOS Group	HBOS and its subsidiary undertakings from time to time
Help to Buy Scheme	The meaning given on page 46 of this Prospectus
HMRC	His Majesty's Revenue and Customs
HM Treasury	The Commissioners of His Majesty's Treasury (or, where HM Treasury has nominated a nominee to acquire any shares which HM Treasury would otherwise be obliged to acquire, such nominee)
Holding Company	Any corporate body which is for the time being a holding company within the meaning given to it in Section 1159 of the Companies Act
Holdings	Lloyds Bank Covered Bonds (Holdings) Limited, a special purpose vehicle incorporated under the laws of England and Wales as a private limited company (registered no. 06696506)
holder of Covered Bonds	The meaning given on page 110 of this Prospectus
ICSDs	The meaning given on page 206 of this Prospectus
Indexed Valuation	In relation to any Loan secured over any Property at any date:

(a) where the Latest Valuation of that Property is equal to or greater than the Halifax Price Indexed Valuation as at that date, the Halifax Price Indexed Valuation; or

(b) where the Latest Valuation of that Property is less than the Halifax Price Indexed Valuation as at that date, the Latest Valuation plus 85 per cent. of the difference between the Latest Valuation and the Halifax Price Indexed Valuation

Indirect Participants Indirect participants in DTC that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly

Initial Advance In relation to a Loan, the original principal amount advanced by the relevant Originator including any retention(s) advanced to the relevant Borrower in accordance with the Mortgage Conditions after completion of the Mortgage but excluding any:

(a) Further Advance; and

(b) Flexible Loan Drawing,

in each case relating to any such Loan

Initial Portfolio The meaning given on page 235 of this Prospectus

Insolvency Act Insolvency Act 1986, as amended

Insolvency Event In respect of the Seller, the Servicer or Cash Manager:

(a) an order is made or an effective resolution passed for the winding-up of the relevant entity; or

(b) the relevant entity ceases or threatens to cease to carry on the whole of its business or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of Section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 (as amended) or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or otherwise becomes insolvent; or

(c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the relevant entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the relevant entity is solvent) or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or the substantial part of the undertaking or assets of the relevant entity or the appointment of an administrator takes effect; or a distress, execution or diligence or other process is enforced upon the whole or the substantial part of the undertaking or assets of the relevant entity and in any of the foregoing cases it is not discharged within 15 London business days; or if the relevant entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or

takes steps with a view to obtaining a moratorium in respect of any indebtedness

In respect of BOS:

(a) an order is made or an effective resolution passed for its winding up; or

(b) it ceases or threatens to cease to carry on the whole of its business or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or otherwise becomes insolvent; or

(c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against it under any applicable liquidation, administration, reorganisation (other than a reorganisation where it is solvent) or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or the substantial part of the undertaking or assets of it or the appointment of an administrator takes effect; or a distress, execution or diligence or other process is enforced upon the whole or the substantial part of the undertaking or assets of it and in any of the foregoing cases it is not discharged within 15 London business days; or if it initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness

Instalment Amounts — In respect of Instalment Covered Bonds, each amount specified as such in the applicable Final Terms or Pricing Supplement

Instalment Covered Bonds — Covered Bonds which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms or Pricing Supplement

Instalment Dates — In respect of Instalment Covered Bonds, each date specified as such in the applicable Final Terms or Pricing Supplement

Insurance Acknowledgement — In the case of the Insurance Policies, a duly executed letter from the relevant insurer substantially in the form set out in Schedule 8 to the Mortgage Sale Agreement

Insurance Policies — means the Properties in Possession Cover and **Insurance Policy** shall be construed accordingly

Intercompany Loan — means all Term Advances made by the Issuer to the LLP under the Intercompany Loan Agreement

Intercompany Loan Agreement — The term loan agreement dated the Programme Date between the Issuer, the LLP, the Cash Manager and the Security Trustee (as the

	same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)
Intercompany Mortgage Sale Agreement	The mortgage sale agreement entered into on or about 20 April 2012 between Bank of Scotland plc, Lloyds Bank plc (in its capacity as Purchaser thereunder), the LLP and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)
Interest Accrual Period	The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.
Interest Amount	The amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination for the relevant Interest Period, as calculated in accordance with Condition 4.2(d) (*Interest on Floating Rate Covered Bonds*) of the Programme Conditions
Interest Commencement Date	In the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms or Pricing Supplement from (and including) which the relevant Covered Bonds will accrue interest
Interest Determination Date	In respect of Floating Rate Covered Bonds the meaning given in the applicable Final Terms or Pricing Supplement
Interest Payment Date	In respect of Fixed Rate Covered Bonds, the meaning given to it in the applicable Final Terms or Pricing Supplement and in respect of Floating Rate Covered Bonds, the meaning given in Condition 4.2(a)(iii) (*Interest on Floating Rate Covered Bonds*) of the Programme Conditions
Interest Period	In accordance with Condition 4.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions, the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date
Interest Rate Shortfall	The meaning given on page 190 of this Prospectus
Interest Rate Shortfall Test	The meaning given on page 190 of this Prospectus
Interest Rate Swap	The interest rate swap entered into in connection with all Series of Covered Bonds under the terms of the Interest Rate Swap Agreement
Interest Rate Swap Agreement	The agreement between the LLP, the Interest Rate Swap Provider and the Security Trustee dated the Programme Date governing the Interest Rate Swap in the form of an ISDA Master Agreement, including a schedule, one confirmation in relation to one transaction and a credit support annex
Interest Rate Swap Early Termination Event	The meaning given on page 203 of this Prospectus
Interest Rate Swap Provider	Lloyds Bank plc whose registered office is at 25 Gresham Street, London EC2V 7HN in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any successor interest rate swap provider
Investor Put	The meaning given in Condition 6.4 (*Redemption at the option of the Covered Bondholders (Investor Put)*) of the Programme Conditions
Investor's Currency	The meaning given on page 55 of this Prospectus

IRS	The meaning given on page 253 of this Prospectus
ISDA	International Swaps and Derivatives Association, Inc.
ISDA Definitions	The [2006 ISDA Definitions]/[2021 ISDA Interest Rate Derivatives Definitions], as published by ISDA
ISDA Determination	If specified as applicable in the applicable Final Terms or Pricing Supplement, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with Condition 4.2 (*Interest on Floating Rate Covered Bonds*)
ISDA Master Agreement	The 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA
ISDA Rate	The meaning given in Condition 4.2(b)(i) (*Interest on Floating Rate Covered Bonds*) of the Programme Conditions
Issue Date	Each date on which the Issuer issues a Tranche or Series of Covered Bonds under the Programme, as specified in the applicable Final Terms or Pricing Supplement
Issue Price	The price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which a Series or Tranche of Covered Bonds will be issued
Issuer	Lloyds Bank plc
Issuer Acceleration Notice	The meaning given in Condition 9.1 (*Issuer Events of Default*) of the Programme Conditions
Issuer Call	The meaning given in Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) of the Programme Conditions
Issuer Event of Default	The meaning given in Condition 9.1 (*Issuer Events of Default*) of the Programme Conditions
Issuer Subordinated Loan	The meaning given on page 193 of this Prospectus
Issuer's 2015 Annual Report	The meaning given on page 14 of this Prospectus
Issuer's 2016 Annual Report	The meaning given on page 14 of this Prospectus
Italian Banking Act	Financial Services Act and Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended
landlord	The meaning given on page 239 of this Prospectus
Late Payment	The meaning given in Condition 6.11 (*Taxes*) of the Programme Conditions
Latest Valuation	In relation to any Property, the value given to that Property by the most recent Valuation Report addressed to the Seller or another member of the Lloyds Banking Group
LBCM	The meaning given on page 11 of this Prospectus
Ledger	Each of the Revenue Ledger, the Principal Ledger, the Reserve Ledger, the Pre-Maturity Liquidity Ledger, the Intercompany Loan Ledger and the Capital Account Ledger
Legended Covered Bonds	The Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bonds) sold in private transactions to QIBs in accordance with the requirements of Rule 144A
Lending Criteria	The lending criteria of the relevant Originator from time to time, or such other criteria as would be acceptable to a Reasonable, Prudent Mortgage Lender

Liquidation Member	Lloyds Bank Covered Bonds (LM) Limited, a special purpose vehicle incorporated under the laws of England and Wales as a private limited company (registered no. 06696578)
Liquidity Coverage Ratio	The meaning given on page 89 of this Prospectus
Listing Rules	The Listing Rules made under Part VI of the FSMA
Lloyds Bank	The meaning given on page 15 of this Prospectus
Lloyds Bank Group	The Issuer and its subsidiary and associated undertakings
Lloyds Bank Group, Lloyds	The meaning given on page 15 of this Prospectus
Lloyds Bank Standard Variable Rate	The standard variable rate set by the Seller in relation to applicable Variable Rate Loans (other than Tracker Loans) beneficially owned by the Seller on the Seller's residential mortgage book
Lloyds Banking Group	The Company and its subsidiary and associated undertakings
Lloyds Group	The Company and its subsidiary and associated undertakings but excluding the HBOS Group
Lloyds Index	index of movements in house prices in relation to residential properties in the United Kingdom currently known as the "Lloyds House Price Index" published by Markit Group Limited or any of its successors or assigns
Lloyds Price Indexed Valuation	In relation to any Property at any date, the Latest Valuation of that Property increased or decreased as appropriate by the increase or decrease in the Lloyds Index since the date of that Latest Valuation
LLP	Lloyds Bank Covered Bonds LLP, a limited liability partnership incorporated in England and Wales (registered no. OC340094)
LLP Acceleration Notice	A notice in writing given by the Bond Trustee to the Issuer and the LLP, that each Covered Bond of each Series is, and each Covered Bond of each Series shall, as against the Issuer (if not already due and repayable against it following an Issuer Acceleration Notice) and as against the LLP, thereupon immediately become, due and repayable at its Early Redemption Amount and 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, in each case as provided in and in accordance with the Trust Deed, and thereafter the Security shall become enforceable if any of the LLP Events of Default shall occur and be continuing
LLP Accounts	The GIC Account, the Transaction Account and any additional or replacement accounts opened in the name of the LLP, including each Swap Collateral Account
LLP Deed	The limited liability partnership deed entered into on the Programme Date between the LLP, the Seller, the Liquidation Member, the Bond Trustee and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)
LLP Event of Default	The meaning given in Condition 9.2 (*LLP Events of Default*) of the Programme Conditions
LLP Management Board	The management board which will act on behalf of the LLP and to which (other than certain decisions identified in the LLP Deed as requiring a unanimous decision of the Members, including (without limitation) any decision to approve the audited accounts of the LLP or to make a resolution for the voluntary winding-up of the LLP) the

	Members delegate all matters relating to the business of the LLP and its management
LLP Payment Date	The 8th day of each month or if not a London Business Day the next following London Business Day
LLP Payment Period	The period from (and including) an LLP Payment Date to (but excluding) the next following LLP Payment Date
LLP Standard Variable Rate	The relevant standard variable rate applicable to the relevant Variable Rate Loans in the Portfolio as set, other than in limited circumstances, by the Servicer as set out in Clause 4 of the Servicing Agreement and, following the delivery of perfection notices in accordance with Clause 6 of the Mortgage Sale Agreement and Clause 3.5 of the Servicing Agreement, shall mean the standard variable rate applied to the relevant Variable Rate Loan in the Portfolio
LLPA	Limited Liability Partnerships Act 2000 as amended from time to time and any regulations made pursuant to that Act
Loan	Each mortgage loan (including, for the avoidance of doubt, any English Loan or any Scottish Loan) which is to be sold, assigned or transferred by the Seller to the LLP from time to time under the terms of the Mortgage Sale Agreement (or, in the case of Scottish Loans, held pursuant to a Scottish Declaration of Trust) and referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys (including, without limitation, all Flexible Loan Drawings, Product Switches and Further Advances which are, or are to be, sold, assigned and transferred by the Seller to the LLP under the terms of the Mortgage Sale Agreement) due or owing with respect to that mortgage loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding any mortgage loan which is repurchased by the Seller or otherwise sold by the LLP and no longer beneficially owned by it
Loan Repurchase Notice	A notice in substantially the form set out in the Mortgage Sale Agreement served by the LLP on the Seller in relation to the repurchase of Loans in the Portfolio by the Seller in accordance with the terms of the Mortgage Sale Agreement
Loan-to-Value Ratio	The ratio of the outstanding balance of a Loan to the value of the Property securing that Loan
LOB Loan	Each Loan originated by BOS under the Lloyds brand
London Business Day	A day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London
London Stock Exchange	London Stock Exchange plc or any body to which its functions have been transferred
Long Maturity Covered Bond	A Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond

Margin	In respect of a Floating Rate Covered Bond, the percentage rate per annum (if any) specified in the applicable Final Terms or Pricing Supplement
Master Definitions and Construction Agreement	The master definitions and construction agreement made between the parties to the Transaction Documents on the Programme Date (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time)
Maximum Rate of Interest	In respect of Floating Rate Covered Bonds, the percentage rate per annum (if any) specified in the applicable Final Terms or Pricing Supplement
Maximum Redemption Amount	The amount specified as such in the applicable Final Terms or Pricing Supplement
MCCB	Mortgage Code Compliance Board
MCOB	Mortgages and Home Finance: Conduct of Business Sourcebook, published under the FSMA on 31 October 2004, as amended, revised or supplemented from time to time
Member	Each member of the LLP
Members	The meaning given on page 192 of this Prospectus
MH/CP Documentation	An affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or (where applicable) the Civil Partnership Act 2004 in connection with a Mortgage over a Property in Scotland or the Property secured thereby
MIFs	The meaning given on page 167 of this Prospectus
MiFID II	The meaning given on page 6 of this Prospectus
Minimum Rate of Interest	In respect of Floating Rate Covered Bonds the percentage rate per annum (if any) specified in the applicable Final Terms or Pricing Supplement
Minimum Redemption Amount	The amount (if any) specified as such in the applicable Final Terms or Pricing Supplement
Modified Following Business Day Convention	The meaning given in Condition 4.5(b)(iii) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions
Monthly Payment	The amount which the relevant Mortgage Conditions require a Borrower to pay on each Monthly Payment Day in respect of that Borrower's Loan
Monthly Payment Day	The date on which interest (and principal in relation to a repayment mortgage) is due to be paid by a Borrower on a Loan or, if any such day is not a London Business Day, the next following London Business Day unless the related Mortgage Conditions provide for such other adjustment of the business day convention
Moody's	Moody's Investors Service Limited or its successors
Mortgage	The legal charge, mortgage, standard security or charge securing a Loan
Mortgage Account	All Loans secured on the same Property and thereby forming a single mortgage account
Mortgage Code	The mortgage code sponsored by the CML and policed by the MCCB under which, until 31 October 2004, residential mortgage business in the UK was voluntarily self-regulated

Mortgage Conditions	The terms and conditions applicable to the Loans as contained in the Seller's Mortgage Conditions and/or BOS' Mortgage Conditions and/or General Loan Conditions booklets for England and Wales or Scotland applicable from time to time (or the equivalent documentation published by a New Seller)
Mortgage Sale Agreement	The mortgage sale agreement entered into on the Programme Date between the Seller, the LLP and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time) and, where the context so requires, including any New Mortgage Sale Agreement entered into from time to time between any New Seller, the LLP and the Security Trustee
MREL	The meaning given on page 40 of this Prospectus
N Covered Bond	A registered Covered Bond in definitive form made out in the name of a specified N Covered Bondholder issued or to be issued by the Issuer in accordance with the provisions of the Agency Agreement and in accordance with and constituted by the Trust Deed, in the form of a German "Namesschuldverschreibung" substantially in the form set out in Schedule 7 to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the LLP, the Bond Trustee and the relevant N Covered Bondholder and having the N Covered Bond Conditions applicable to it annexed thereto and subject to the provisions of the N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) relating thereto
N Covered Bond Assignment Agreement	The assignment agreement attached to each N Covered Bond, substantially in the form set out at Schedule 6 to the Trust Deed
N Covered Bond Conditions	The terms and conditions of each N Covered Bond annexed thereto
N Covered Bond Confirmation	In relation to each N Covered Bond, a confirmation incorporating the N Covered Bond Confirmation Terms and signed by the N Covered Bondholder, the LLP, the Issuer and the Bond Trustee, substantially in the form set out in Schedule 6 to the Trust Deed
N Covered Bond Confirmation Terms	The standard set of confirmation terms relating to each N Covered Bond, substantially in the form set out in Schedule 6 to the Trust Deed as may be amended from time to time in accordance with the Trust Deed
N Covered Bondholder	The registered holder of an N Covered Bond as recorded as such in the Register by the Registrar
Negative Carry Factor	The meaning given on page 196 of this Prospectus
Net Stable Funding Ratio	The meaning given on page 89 of this Prospectus
New Company	The meaning set out in Condition 19.1 (*Substitution, Consolidation, Merger, Amalgamation or Transfer of the Issuer*) of the Terms and Conditions
New Entity	The meaning set out in Condition 19.3 (*Substitution, Consolidation, Merger, Amalgamation or Transfer of the Issuer*) of the Terms and Conditions
New Global Covered Bond or (NGCB)	A Temporary Global Covered Bond in the form set out in Part 1 of Schedule 2 to the Trust Deed or a Permanent Global Covered Bond in the form set out in Part 2 of Schedule 2 to the Trust Deed, in either case where the applicable Final Terms or Pricing Supplement specifies that the Covered Bonds are in NGCB form

New Loan	Loans, other than the Loans comprised in the Initial Portfolio, which the Seller may assign or transfer to (or, in the case of Scottish Loans, hold pursuant to a Scottish Declaration of Trust for) the LLP after the First Sale Date pursuant to the Mortgage Sale Agreement
New Loan Type	A new type of mortgage loan originated by an Originator or a New Seller, which the Seller or the New Seller intends to transfer to the LLP, the terms and conditions of which are materially different (in the opinion of the Seller or the New Seller, acting reasonably) from any of the Loans or New Seller Loans in the Portfolio. For the avoidance of doubt, a mortgage loan will not constitute a New Loan Type if it differs from any of the Loans or New Seller Loans in the Portfolio solely due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate or the benefit of any discounts, loans where the cash obligations on the part of the Seller remain outstanding and/or rate guarantees
New Member	Any new member admitted to the LLP after the Programme Date
New Mortgage Sale Agreement	Any new mortgage sale agreement entered into between any New Seller, the LLP and the Security Trustee which shall be substantially in the same form and contain substantially the same provisions (provided that the Security Trustee may agree variations to the representations and warranties in relation to the relevant New Seller Loans and their Related Security) as the Mortgage Sale Agreement
New Portfolio	The meaning given on page 235 of this Prospectus
New Portfolio Notice	A notice in the form set out in the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement
New Safekeeping Structure	The safekeeping structure for registered notes set out in the press release of the ECB dated 22 October 2008 and titled "Evolution of the custody arrangements for international debt services and their eligibility in Euro system credit operations
New Seller	Any member of the Lloyds Banking Group (other than Lloyds Bank plc) that is a "Connected Person" as defined in Regulation 5 of the RCB Regulations and that accedes to the relevant Transaction Documents and sells New Seller Loans and their Related Security to the LLP in the future pursuant to a New Mortgage Sale Agreement
New Seller Loans	Loans originated by a New Seller
Non-Forward Starting Covered Bond Swap	Each covered bond swap transaction described in a Non-Forward Starting Covered Bond Swap Agreement
Non-Forward Starting Covered Bond Swap Agreement	Each agreement between the LLP, a Covered Bond Swap Provider and the Security Trustee in respect of a Series or Tranche, as applicable, of Covered Bonds which provides a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the LLP under the Loans in the Portfolio and the Interest Rate Swap and amounts payable by the LLP under the Intercompany Loan Agreement (prior to service of a Notice to Pay or service of an LLP Acceleration Notice) and under the Covered Bond Guarantee in respect of Covered Bonds (after service of a Notice to Pay or service of an LLP Acceleration Notice) in the form of an ISDA Master Agreement, including a schedule, one confirmation in relation to one transaction and a credit support annex
Non-U.S. holders	The meaning given on page 258 of this Prospectus

Notice to Pay	The meaning given in Condition 9.1 (*Issuer Events of Default*) on of the Programme Conditions
NYDFS	The meaning given on page 168 of this Prospectus
Offer Conditions	The terms and conditions applicable to a specified Loan as set out in the relevant offer letter to the Borrower
Official List	Official List of the FCA
OFT or Office of Fair Trading	The UK Office of Fair Trading, which from 1 April 2014 ceased to exist
OID Regulations	The meaning given on page 254 of this Prospectus
Ombudsman	Financial Ombudsman Service under the FSMA and the CCA 2006
Omnibus Proxy	The omnibus proxy mailed by DTC to the Issuer as soon as possible after the record date in accordance with DTC's usual procedures
Optional Redemption Amount	The meaning (if any) given in the applicable Final Terms or Pricing Supplement
Optional Redemption Date	The meaning (if any) given in the applicable Final Terms or Pricing Supplement
Order	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended
Original Due for Payment Date	The meaning given in paragraph (a) of the definition of Due for Payment
Originator	Lloyds Bank plc and/or BOS (in respect of the BOS Loans only), as the context may require
OTC	The meaning given on page 38 of this Prospectus
Outstanding	In relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than: (a) those Covered Bonds which have been redeemed in full and cancelled pursuant to the Trust Deed and/or the N Covered Bond Conditions; (b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Programme Conditions or in the case of an N Covered Bond, the N Covered Bond Conditions (if applicable) has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 13 (*Notices*) of the Programme Conditions or the equivalent provisions of the N Covered Bond Conditions) and remain available for payment against presentation (unless the relevant Covered Bonds are in NGCB form) of the relevant Covered Bonds and/or Receipts and/or Coupons; (c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6.9 (*Purchases*) and 6.10 (*Cancellation*) of the Programme Conditions and any equivalent provision in the N Covered Bond Conditions);

(d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 (*Prescription*) of the Programme Conditions or the equivalent provisions of the N Covered Bond Conditions;

(e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme Conditions or the equivalent provisions of the N Covered Bond Conditions;

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

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

(h) those Legended Covered Bonds which have been exchanged for Unlegended Covered Bonds and those Unlegended Covered Bonds which have been exchanged for Legended Covered Bonds, in each case pursuant to their provisions, the provisions of the trust presents and the Agency Agreement,

PROVIDED THAT for each of the following purposes, namely:

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

(ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of Clauses 10.3 and 10.4 of the Trust Deed (Proceedings, Action and Indemnification), Conditions 9 (*Events of Default, Acceleration and Enforcement*) and 14 (*Meetings of Covered Bondholders, Modification and Waiver*) of the Programme Conditions and paragraphs 2, 5, 6 and 8 of Schedule 4 (Provisions for Meetings of Covered Bondholders) to the Trust Deed;

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

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

	(A) those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of any of the Issuer's Subsidiaries (including the LLP), the Issuer's holding company or any subsidiaries of such holding company as beneficial owner and (B) those N Covered Bonds in respect of which (i) a duly executed N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) relating to the relevant Series of Covered Bond has not been executed and has not been delivered to the Registrar or (ii) where an N Covered Bond is proposed to be assigned, a duly executed N Covered Bond Assignment Agreement relating to the relevant Series of N Covered Bonds has not been executed and has not been delivered to the Registrar, shall (unless and until ceasing to be so held) be deemed not to remain outstanding provided further however that, where all of the Covered Bonds are held by or on behalf of the Issuer, such Covered Bonds shall be deemed to remain outstanding
Panel or Takeover Panel	The Panel on Takeovers and Mergers
part Coupon sheet	The meaning given on page 153 of this Prospectus
Partial Portfolio	Part of any portfolio of Selected Loans
parties in interest or disqualified persons	The meaning given on page 261 of this Prospectus
Paying Agents	The Principal Paying Agent and any other paying agent appointed pursuant to the terms of the Agency Agreement and, in relation to the A$ Registered Covered Bonds, the Australian Agency Agreement
Payment Day	The meaning given in Condition 5.7 (*Payment Day*) of the Programme Conditions
Payment Holiday	A period during which a Borrower under a Loan refrains from making payments of interest and/or principal on his/her Loan either as expressly permitted by the Mortgage Conditions or as permitted by the relevant Originator and/or Servicer
PCA	The meaning given on page 50 of this Prospectus
Permanent Global Covered Bond	The meaning given on page 81 of this Prospectus
Pricing Supplement	The meaning given on page 2 of this Prospectus
Plan Asset Regulation	The meaning given on page 263 of this Prospectus
Plans	The meaning given on page 261 of this Prospectus
Portfolio	The Initial Portfolio and each New Portfolio acquired by the LLP (other than any Loans which have been redeemed in full or repurchased by the Seller or a New Seller pursuant to the Mortgage Sale Agreement or otherwise sold by the LLP)
Portfolio Manager	The meaning given on page 199 of this Prospectus
Post-Enforcement Priority of Payments	The meaning given on page 223 of this Prospectus
Postponed Deferred Consideration	Deferred Consideration the payment of which is, by reason of the application thereto of the proviso as to Available Revenue Receipts and/or the making of provisions as referred to in the Mortgage Sale Agreement, postponed from the date on which such Deferred Consideration would, but for such application, have been paid
POATRs	Public Offers and Admissions to Trading Regulations 2024;

Potential Issuer Event of Default	The meaning given in Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*) of the Programme Conditions
Potential LLP Event of Default	The meaning given in Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*) of the Programme Conditions
PPI	The meaning given on page 43 of this Prospectus
PRA or Prudential Regulatory Authority	The Prudential Regulation Authority of the United Kingdom
Pre-Acceleration Principal Priority of Payments	The meaning given on page 218 of this Prospectus
Pre-Acceleration Priority of Payments	The Pre-Acceleration Principal Priority of Payments or the Pre- Acceleration Revenue Priority of Payments, as applicable
Pre-Acceleration Revenue Priority of Payments	The meaning given on page 214 of this Prospectus
Preceding Business Day Convention	The meaning given in Condition 4.5(b)(iv) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions
Pre-Maturity Liquidity Ledger	The ledger on the GIC Account maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of moneys available to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Liquidity Test has been breached
Pre-Maturity Liquidity Test	The meaning given in *Credit Structure – Pre-Maturity Liquidity Test* on pages 210-211 of this Prospectus
Pre-Maturity Liquidity Test Breach Period	In respect of each of the Fitch Pre-Maturity Liquidity Test rating trigger and Moody's Pre-Maturity Liquidity Test rating trigger, eleven months prior to the Final Maturity Date of that Series of Hard Bullet Covered Bonds
Pre-Maturity Liquidity Test Date	Each London Business Day prior to the occurrence of an Issuer Event of Default or the occurrence of an LLP Event of Default, where the LLP or the Cash Manager on its behalf will determine if the Pre-Maturity Liquidity Test has been breached
Principal Amount Outstanding	In accordance with Condition 4.5(f) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions 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
PRIIPs Regulation	The meaning given on page 8 of this Prospectus
Principal Ledger	The ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of Principal Receipts in accordance with the terms of the LLP Deed
Principal Paying Agent	The Bank of New York Mellon, London Branch or, if applicable, any successor principal paying agent
Principal Receipts	Any amount received and recorded as being received in respect of principal in respect of any Loan (including payments pursuant to any Insurance Policies and Early Repayment Charges), whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including partial redemption) of such Loan, on

	enforcement of such Loan (including the proceeds of sale of the relevant Property) or on the disposal of such Loan or otherwise (without double counting but including, only in respect of Loans which are not BOS Loans, principal received or treated as received after completion of the enforcement procedures), including, for the avoidance of doubt, payments in respect of amounts which previously resulted in an increased Capital Contribution in Kind
Priorities of Payments	The orders of priority for the allocation and distribution of amounts standing to the credit of the LLP Accounts set out in the Pre-Acceleration Revenue Priority of Payments, Pre-Acceleration Principal Priority of Payments, Guarantee Priority of Payments and the Post-Enforcement Priority of Payments
PRM	Prospectus Rules: Admission to Trading on a Regulated Market;
Product Period	The meaning given on page 237 of this Prospectus
Product Switch	A variation to the financial terms and conditions applicable to a Loan other than: (a) any variation agreed with a Borrower to control or manage arrears on the Loan; (b) any variation in the maturity of the Loan; (c) any variation imposed by statute; or (d) any variation in the frequency with which the interest payable in respect of the Loan is charged
Programme	€60 billion global covered bond programme established by the Issuer on the Programme Date
Programme Agreement	The programme agreement entered into on the Programme Date between the Issuer, the LLP and the Dealer named therein concerning the purchase of Covered Bonds to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto
Programme Conditions	The Conditions set out under the heading *Terms and Conditions of the Covered Bonds* and as set out in Schedule 1 to the Trust Deed
Programme Date	October 2008
Programme Resolution	The meaning given to it in Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*) of the Programme Conditions
Properties in Possession Cover	The properties in possession cover written by Lloyds Bank General Insurance Limited for Loans in favour of the relevant Originator and any endorsements or extensions thereto as issued from time to time, or any such similar alternative or replacement properties in possession policy or policies as may be issued from time to time in favour of the relevant Originator
Property	(In England and Wales) freehold or leasehold property or (in Scotland) a heritable property or a property held under a long lease which is subject to a Mortgage and **Properties** means all of them
Prospectus	The meaning given on page 6 of this Prospectus
Prospectus Regulation	The meaning given on page 1 of this Prospectus
Prospectus Rules	The prospectus rules made under Part VI of the FSMA
PSR	The meaning given on page 157 of this Prospectus

PTCE	The meaning given on page 262 of this Prospectus
Purchaser	Any third party or the Seller or, subject to the terms of the Mortgage Sale Agreement, BOS or a New Seller to whom the LLP offers to sell Selected Loans
Put Notice	The meaning given in Condition 6.4 (*Redemption at the option of the Covered Bondholders (Investor Put)*) on page 144
QIB	A "qualified institutional buyer" within the meaning of Rule 144A
QIBs	The meaning given on page 11 of this Prospectus
qualified stated interest	The meaning given on page 255 of this Prospectus
Rate of Interest	The meaning given to it in the applicable Final Terms or Pricing Supplement as further elaborated by Condition 4 (*Interest and other Calculations*) of the Programme Conditions
Rating Agencies	Moody's and Fitch (each a **Rating Agency)**
Rating Agency Confirmation	A confirmation in writing by the Rating Agencies that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter
RCB Regulations	Regulated Covered Bonds Regulations 2008 (SI 2008/346) as amended
RCB Sourcebook	Regulated Covered Bonds Sourcebook, published on 6 March 2008, as amended, revised or supplemented from time to time
Reasonable, Prudent Mortgage Lender	A reasonably prudent prime residential mortgage lender lending to borrowers in England, Wales and Scotland who generally satisfy the lending criteria of traditional sources of residential mortgage capital
recast DGSD	The meaning given on page 42 of this Prospectus
Receipt	A receipt for payment of instalments of principal (other than the final instalment) attached on issue to a Bearer Definitive Covered Bonds repayable in instalments, such receipt being substantially in the form set out in Part 4 of Schedule 2 to the Trust Deed or in such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer or Lead Manager (in the case of syndicated issues) and includes any replacements for Receipts issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Terms and Conditions
Receiptholders	The holders of the Receipts
Receipts	The meaning given on page 108 of this Prospectus
Receiver	Any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Property by the Security Trustee pursuant to the Deed of Charge
Record Date	The meaning given in Condition 5.4 (*Payments in respect of Registered Covered Bonds*) of the Programme Conditions
Redeemed Covered Bonds	The meaning given in Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) of the Programme Conditions
Reference Banks	In the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market selected by the Cash Manager

Reference Price	In respect of a Zero Coupon Covered Bond, the meaning given in the applicable Final Terms or Pricing Supplement
Reference Rate	In respect of Floating Rate Covered Bonds, EURIBOR, €STR, SONIA or SOFR (or, in respect of A$ Registered Covered Bonds, BBSW Rate) in respect of the Specified Currency in each case for the relevant period, as specified in the applicable Final Terms or Pricing Supplement
Register	The register of holders of the Registered Covered Bonds maintained by the Registrar
Registered Covered Bond	A Covered Bond in registered form other than an A$ Registered Covered Bond
Registered Definitive Covered Bond	each other Registered Covered Bond in definitive form issued or, as the context may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer, the Agency Agreement and the Trust Deed either on issue or in exchange for a Registered Global Covered Bond or part thereof (all as indicated in the applicable Final Terms or Pricing Supplement), such Registered Covered Bond in definitive form being substantially in the form set out in Part 8 of Schedule 2 to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer and having the Terms and Conditions endorsed thereon or, if permitted by the relevant stock exchange, incorporating the Programme Conditions (if applicable) by reference (where applicable to the Trust Deed) and having the relevant information supplementing, replacing or modifying the Programme Conditions attached thereto and having a Form of Transfer endorsed thereon
Registered Definitive Covered Bonds	The meaning given on page 108 of this Prospectus
Registered Global Covered Bonds	Global Covered Bonds in registered form, comprising Rule 144A Global Covered Bonds and Regulation S Global Covered Bonds substantially in the form set out in the Trust Deed
Registered Land	In the case of England and Wales, land the title to which is, or is required to be, registered at the Land Registry
Registers of Scotland	The Land Register of Scotland and the General Register of Sasines
Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch, in its capacity as registrar (and any successor registrar appointed in accordance with the Agency Agreement)
Regulated Covered Bonds	Covered Bonds that have been admitted to the register of regulated covered bonds maintained by the Authorities pursuant to the RCB Regulations
regulated mortgage contract	The meaning given on page 225 of this Prospectus
Regulation Effective Date	The meaning given on page 225 of this Prospectus
Regulation S	Regulation S under the Securities Act
Regulation S Covered Bond	A Covered Bond represented by a Regulation S Global Covered Bond or a Definitive Regulation S Covered Bond as the context may require
Regulation S Covered Bonds	The meaning given on page 11 of this Prospectus
Regulation S Global Covered Bond	A Registered Global Covered Bond representing Covered Bonds sold to non-U.S. persons outside the U.S. in reliance on Regulation S and substantially in Part 7 of Schedule 2 to the Trust Deed with

	such modifications (if any) as may be agreed between the Issuer, the Paying Agent, the Bond Trustee and the relevant Dealer or Lead Manager (in the case of syndicated issues)
Related Security	In relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to the LLP pursuant to the Mortgage Sale Agreement (but excluding, for avoidance of doubt, the Properties in Possession Cover in respect of which the LLP and the Security Trustee have received Insurance Acknowledgements)
Relevant Date	The meaning given in Condition 7 (*Taxation*) of the Programme Conditions
relevant Dealer	The meaning given on page 2 of this Prospectus
Relevant LLP Payment Period	The meaning given on page 189 of this Prospectus
Relevant Period	The meaning given in Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*) of the Terms and Conditions
Relevant Screen Page	In respect of Floating Rate Covered Bonds to which Screen Rate Determination applies, the meaning given in the Final Terms or Pricing Supplement
relevant Series of Covered Bonds	The meaning given on page 55 of this Prospectus
relevant Talon	The meaning given on page 153 of this Prospectus
Reportable Transactions	The meaning given on page 257 of this Prospectus
Representations and Warranties	The representations and warranties set out in the Mortgage Sale Agreement
Required Current Balance Amount	The meaning given on page 198 of this Prospectus
Required Redemption Amount	The meaning given on page 198 of this Prospectus
Reserve Fund	The reserve fund that the LLP will be required to establish on the GIC Account which will be credited with Available Revenue Receipts up to an amount equal to the Reserve Fund Required Amount and any Cash Capital Contributions made to the LLP by the Seller which the Seller directs the LLP to credit thereto
Reserve Fund Required Amount	(a) If the Issuer's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least F1+ by Fitch and P–1 by Moody's, nil or such other amount as Lloyds Bank plc shall direct the LLP from time to time; or (b) if the Issuer's short term, unsecured, unsubordinated and unguaranteed debt obligations are rated lower than P-1 by Moody's, an amount equal to the Sterling Equivalent of the interest due on each Series of Covered Bonds for X months together with an amount equal to one-twelfth of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments plus £600,000 or such higher amount as Lloyds Bank plc shall direct the LLP from time to time where, X = the number of months between the dates on which the LLP is required to make payments under the Covered Bond Swap entered into in relation to a Series of Covered Bonds, or if no Covered Bond Swap has been entered into in

	relation to a Series of Covered Bonds, the number of months between the Interest Payment Dates in relation to such Series of Covered Bonds; or (c) if the Issuer's short term, unsecured, unsubordinated and unguaranteed debt obligations are rated lower than F1+ by Fitch, an amount equal to the Sterling Equivalent of the interest due on each Series of Covered Bonds on the immediately following three LLP Payment Dates together with an amount equal to three-twelfths of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (b) of the Pre-Acceleration Revenue Priority of Payments plus £600,000, or such higher amount as the Issuer shall direct the LLP from time to time
Reserve Ledger	The ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record the crediting of Revenue Receipts and (if so directed by the Seller) Cash Capital Contributions to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the LLP Deed
Reset Date	The meaning given in the applicable ISDA Definitions
resolution authorities	The meaning given on page 44 of this Prospectus
Responsible Persons	The meaning given on page 6
Revenue Ledger	The ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record credits and debits of Revenue Receipts in accordance with the terms of the LLP Deed
Revenue Receipts	Any payment received in respect of any Loan, including any payment received from the Seller in respect of an Underpayment or a Payment Holiday or in respect of interest amounts on a Loan (otherwise than in respect of a Loan that has been repurchased by the Seller), whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including partial redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale of the relevant Property, but excluding, without double counting, (i) amounts received or treated as received in respect of BOS Loans prior to perfection but after completion of the enforcement procedures and (ii) amounts received or treated as received after completion of the enforcement procedures which are captured under the definition of "Principal Receipts") or on the disposal of such Loan or otherwise, which in any such case is not recorded as a Principal Receipt in respect of such Loan
Right To Buy Legislation	The meaning given on page 239 of this Prospectus
Right to Buy Loan	Each Loan extended to the relevant Borrowers in connection with the purchase (or refinancing of the purchase) by those Borrowers of Properties from local authorities or certain other landlords under the "right-to-buy" schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001)
Rule 144A	Rule 144A under the Securities Act
Rule 144A Covered Bond	A Covered Bond represented by a Rule 144A Global Covered Bond and/or a Definitive Rule 144A Covered Bond as the context may require

Rule 144A Covered Bonds	The meaning given on page 11 of this Prospectus
Rule 144A Global Covered Bond	A Registered Global Covered Bond representing Covered Bonds sold in the U.S. to QIBs in reliance on Rule 144A and substantially in Part 8 of Schedule 2 to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee, and the relevant Dealer or Lead Manager (in the case of syndicated issues)
Rules	The rules, regulations and procedures creating and affecting DTC and its operations
S&P	S&P Global Ratings UK Limited or its successors
Sale Date	Each of the First Sale Date and each other date of sale of any New Portfolio to the LLP in accordance with the terms of the Mortgage Sale Agreement
Scheduled Interest	In relation to a Series of Covered Bonds, an amount equal to the amount in respect of interest which is or would have been due and payable under such Covered Bonds on each Interest Payment Date as specified in Condition 4 (*Interest and other Calculations*) of the Programme Conditions (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice, but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice), as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date and (if the applicable Final Terms or Pricing Supplement specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds) as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date) or, where applicable, after the Final Maturity Date, such other amount of interest as may be specified in the applicable Final Terms or Pricing Supplement less any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 (*Taxation*) of the Programme Conditions
Scheduled Payment Date	In relation to payments under the Covered Bond Guarantee in respect of a Series of Covered Bonds, each Interest Payment Date or the Final Maturity Date as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date
Scheduled Principal	In relation to a Series of Covered Bonds, an amount equal to the amount in respect of principal which is or would have been due and repayable under such Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 6.1 (*Final redemption*) and Condition 6.7 (*Early Redemption Amounts*) of the Programme Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**Excluded Scheduled Principal Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice, but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice), as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date and (if the Final Terms or the Pricing Supplement, as applicable, specified

	that an Extended Due for Payment Date is applicable to such relevant Covered Bonds) as if the maturity date of such Covered Bonds had been the Extended Due for Payment Date
Scottish Declaration of Trust	Each declaration of trust in relation to Scottish Loans and their Related Security made pursuant to the Mortgage Sale Agreement by means of which the transfer of the beneficial interest in such Scottish Loans and their Related Security by the Seller or a New Seller to the LLP is given effect
Scottish Loan	A Loan, including BOS Loans, secured by a Mortgage over a Property in Scotland
Scottish Sub-Security	Each standard security granted by the LLP in favour of the Security Trustee pursuant to the Deed of Charge
Scottish Supplemental Charge	Each assignation in security governed by Scots law granted by the LLP in respect of its beneficial interest in a Scottish Declaration of Trust or Scottish Declarations of Trust in favour of the Security Trustee pursuant to the Deed of Charge
Scottish Widows	Scottish Widows plc, registered in Scotland (no. SC199549)
Screen Rate Determination	If specified as applicable in the applicable Final Terms or Pricing Supplement, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with Condition 4.2(b) (*Interest on Floating Rate Covered Bonds*) of the Programme Conditions
SEC	The meaning given on page 11 of this Prospectus
Secured Creditors	The Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Bond Trustee (in its own capacity and on behalf of the Covered Bondholders), the Australian Bond Trustee (in its own capacity and on behalf of the A$ Covered Bondholders), the Covered Bondholders, the Receiptholders, the Couponholders, the Issuer, the Seller, the Servicer, the Account Bank, the GIC Provider, the Cash Manager, the Swap Providers, the Corporate Services Provider, the Agents and any other person which becomes a Secured Creditor pursuant to the Deed of Charge
Securities Act	U.S. Securities Act of 1933, as amended
Security	The meaning given on page 207 of this Prospectus
Security Trustee	BNY Mellon Corporate Trustee Services Limited, in its capacity as security trustee under the Trust Deed and the Deed of Charge together with any successor security trustee appointed from time to time
Selected Loan Offer Notice	A notice from the LLP served on the Seller or BOS (as applicable, and in accordance with the terms of the Mortgage Sale Agreement) offering to sell Selected Loans and their Related Security for an offer price equal to the greater of the then Current Balance of the Selected Loans and the Adjusted Required Redemption Amount
Selected Loan Repurchase Notice	A notice from the Seller or BOS (as applicable, and in accordance with the terms of the Mortgage Sale Agreement) served on the LLP accepting an offer set out in a Selected Loan Offer Notice
Selected Loans	Loans and their Related Security to be sold by the LLP pursuant to the terms of the LLP Deed and the Mortgage Sale Agreement having in aggregate the Required Current Balance Amount
Selection Date	The meaning given in Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) of the Programme Conditions

Seller	Lloyds Bank plc in its capacity as Seller under the Mortgage Sale Agreement, and **Sellers** means, together, the Sellers and New Sellers
Seller Power of Attorney	A power of attorney to be provided by the Seller substantially in the form set out in schedule 5 (*Power of Attorney in favour of the LLP and the Security Trustee*) to the Mortgage Sale Agreement
Series	With respect to N Covered Bonds, each N Covered Bond made out in the name of a specific N Covered Bondholder; and (ii) in any other case, a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Covered Bonds of the relevant Series, holders of the relevant Series** and related expressions shall be construed accordingly
Series Reserved Matter	In relation to Covered Bonds of a Series: (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 modification of the method of calculating the date of payment 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) power to sanction any such scheme or proposal for the exchange or sale of the Covered Bonds 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; and (f) alteration of paragraph 5 or proviso to paragraph 6 of Schedule 4 to the Trust Deed
Servicer	Lloyds Bank plc in its capacity as servicer under the Servicing Agreement (and any successor servicer)
Servicer Termination Event	The meaning given on page 191 of this Prospectus
Servicing Agreement	The servicing agreement entered into on the Programme Date between the LLP, the Servicer and the Security Trustee (as same

	may be amended, restated, supplemented, replaced or novated from time to time)
Share Trustee	CSC Corporate Services (London) Limited (formerly Intertrust Corporate Services Limited) (registered number 3920255) in its capacity as share trustee together with any successor share trustee appointed from time to time
Short-Term Covered Bonds	The meaning given on page 257 of this Prospectus
Similar Law	The meaning given on page 261 of this Prospectus
SME	The meaning given on page 34 of this Prospectus
SONIA	means the Sterling Overnight Index Average;
SONIA Screen Page	means the Reuters Screen SONIA Page (or, if such page is no longer available, any replacement or successor page showing the relevant information);
SONIA Spot Rate	means, with respect to publication on any London Business Day, the daily Sterling Overnight Index Average (SONIA) published on such London Business Day (and relating to the immediately preceding London Business Day) as provided by the administrator of SONIA to authorised distributors and as then published on the SONIA Screen Page (or, if the SONIA Screen Page is unavailable, as otherwise published by such authorised distributors);
Specified Currency	Subject to any applicable legal or regulatory restrictions, euro, Sterling, U.S. Dollars, A$ and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer, the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms or Pricing Supplement
Specified Denomination	In respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the applicable Final Terms or Pricing Supplement, save that the minimum denomination of each U.S. dollar denominated Covered Bond will be issued in minimum denominations of U.S.$200,000 (and no less than the equivalent of €100,000) and in integral multiples of $1,000 in excess thereof
Specified Interest Payment Date	In respect of Floating Rate Covered Bonds the meaning (if any) given in the applicable Final Terms or Pricing Supplement
Specified Period	In respect of Floating Rate Covered Bonds the meaning (if any) given in the applicable Final Terms or Pricing Supplement
Specified Time	11 am (Brussels time, in the case of a determination of EURIBOR) or in the case of a determination of SARON, in respect of any Business Day, close of trading on the trading platform of SIX Repo AG (or any successor thereto) on such Business Day, which is expected to be on or around 6:00 p.m. (Zurich time)
SRB	The meaning given on page 35 of this Prospectus
SRR	Special Resolution Regime under the Banking Act 2009
Stabilising Manager(s)	The meaning given on page 9 of this Prospectus
Standard Documentation	The standard documentation, annexed as an exhibit to the Mortgage Sale Agreement or any update or replacement therefor as the relevant Originator may from time to time introduce acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender
Standard Security or standard security	A standard security as defined in Part II of the Conveyancing and Feudal Reform (Scotland) Act 1970

Standard Variable Rate — Lloyds Bank Standard Variable Rate, the Halifax Standard Variable Rate (in the case of Halifax Loans), the Lloyds Standard Variable Rate (in the case of LOB Loans) and/or LLP Standard Variable Rate, as the context may require

Sterling Equivalent — In relation to a Term Advance or a Series of Covered Bonds (including any calculations of the Required Redemption Amount of such Series of Covered Bonds) which is denominated in (a) a currency other than Sterling, the Sterling equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Term Advance or the Term Advance applicable to such Series of Covered Bonds and (b) Sterling, the applicable amount in Sterling

Subsidiary — Any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act)

Substitution Assets — Each of:

(a) Sterling gilt-edged securities;

(b) Sterling demand or time deposits, provided that in all cases such investments have a remaining period to maturity of one year or less and the short-term, unsecured, unguaranteed and unsubordinated debt obligations or, as applicable, the long-term, unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least P-1/Aa3 by Moody's and F1+/AA- by Fitch or their equivalents by three other internationally recognised rating agencies; and

(c) Sterling denominated government and public securities, as defined from time to time by the FCA, provided that such investments have a remaining period to maturity of one year or less and which are rated at least Aaa by Moody's and AAA by Fitch or their equivalents by three other internationally recognised rating agencies,

provided that such Substitution Assets comply with the requirements of Regulation 2(1A) of the RCB Regulations and provided that the following Conditions are met: (x) the substitution asset in question can be transferred to and by the LLP without the relevant transfer or agreement to transfer giving rise to a liability to any stamp duty, stamp duty reserve tax or other similar documentary or registration tax for which the LLP is, or may become liable, to account and (y) payments can be made to the LLP under or in respect of the substitution asset in question without any liability on the part of the payer (or any person by or through whom such payment is made) to withhold or otherwise to account for any tax unless the amounts payable to the LLP are in accordance with the documentation governing the relevant payments increased so that the LLP receives the amount which the LLP would have received absent the obligations to withhold or otherwise account for the relevant tax and if these Conditions are not met, the extent to which they are not met is taken into account by the Cash Manager in determining the purchase price of the Substitution Assets in question

sub-unit — In accordance with Condition 4.5(a)(ii) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions, 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
Supplemental Prospectus	The meaning given on page 23 of this Prospectus
Swap Agreements	Any Covered Bond Swap Agreements together with the Interest Rate Swap Agreement, and each a **Swap Agreement**
Swap Collateral	At any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Provider to the LLP as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed
Swap Collateral Accounts	Any account in the name of the LLP held with Lloyds Bank plc (or any other Account Bank from time to time) into which collateral in respect of the Interest Rate Swap or a Covered Bond Swap may be deposited in accordance with the terms of the relevant Swap Agreement
Swap Collateral Available Amounts	At any time, the amount of Swap Collateral which under the terms of the relevant Swap Agreement may be applied at that time in satisfaction of the relevant Swap Provider's obligations to the LLP following termination of a Swap Agreement to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments
Swap Collateral Excluded Amounts	At any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the LLP, including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreement and ultimately upon termination of the relevant Swap Agreement
Swap Provider Default	The occurrence of an Event of Default or Termination Event (each as defined in the relevant Swap Agreement) with respect to the relevant Swap Provider, where the relevant Swap Provider is the Defaulting Party or the sole Affected Party (each as defined in relevant Swap Agreements), as applicable, other than a Swap Provider Downgrade Event
Swap Provider Downgrade Event	The occurrence of an Additional Termination Event (as defined in the relevant Swap Agreement) following a failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement
Swap Providers	Each Covered Bond Swap Providers and the Interest Rate Swap Provider, and each a **Swap Provider**
Swap Provider Tax Payment	Any indemnity payment received by the LLP from a Swap Provider as a result of a breach of certain tax representations in the relevant Swap Agreement
Swaps	Any Covered Bond Swaps together with the Interest Rate Swap, and each a **Swap**
Talons	The Talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Definitive Covered Bonds (other than Zero Coupon Covered Bonds), such talons being substantially in the form set out in the Trust Deed or in such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee

	and the relevant Dealer and includes any replacements for Talons issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Programme Conditions
T2 System	In accordance with Condition 4.5(g)(ii) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions, the Trans-European Automated Real-Time Gross Settlement Express Transfer (T2) System or any successor system thereto
Tax Credit	The meaning given in the relevant Swap Agreement
Taxes	All present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including, without limitation, income tax, corporation tax, VAT or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** and **Taxation** shall be construed accordingly
Temporary Global Covered Bond	A temporary global covered bond substantially in the form set out in the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer or Lead Manager (in the case of syndicated issues), together with the copy of the applicable Final Terms or Pricing Supplement annexed thereto, comprising some or all of the Covered Bonds of the same Series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer relating to the Programme, the Agency Agreement and the trust presents
Term Advance	Each term advance made by the Issuer to the LLP from the proceeds of Covered Bonds pursuant to the Intercompany Loan Agreement
Terms and Conditions	The meaning given on page 86 of this Prospectus
Terms and Conditions or Conditions	Collectively, the terms and conditions of the Covered Bonds (as set out in Schedule 1 to the Trust Deed) as modified and/or supplemented by the Final Terms or Pricing Supplement in relation to a particular Series of Covered Bonds, as the same may from time to time be modified in accordance with the Trust Deed and relevant terms and conditions in respect of N Covered Bonds
Third Party Amounts	Each of: (a) amounts under a direct debit which are repaid to the bank making the payment if such a bank is unable to recoup that amount itself from the customer's account; (b) payments by Borrowers of insurance premiums and other expenses due to external parties; or (c) prior to perfection, amounts received or treated as received after completion of the enforcement procedures in respect of BOS Loans; which amounts shall be paid on receipt by the LLP to the Seller from moneys transferred to the Transaction Account from the GIC Account
Title Deeds	In relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents (if any) which make up the title to the Property and the security for the Loan

	and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage
Tracker Loan	A Loan which is subject to an interest rate linked to the Bank of England's official base rate (the base rate) as set by the UK Monetary Policy Committee or such alternative rate or index which is not controlled by the relevant Originator, that the relevant Originator considers to be the most appropriate in the circumstances
Tracker Loans	The meaning given on page 226 of this Prospectus
Tracker Rate	The rate of interest applicable to a Tracker Loan (before applying any cap or minimum rate)
Tranche	An issue of Covered Bonds (other than N Covered Bonds) which are identical in all respects (including as to listing and admission to trading)
Transaction Account	The account in the name of the LLP held with Lloyds Bank plc and maintained subject to the terms of the Bank Account Agreement, the Deed of Charge and the LLP Deed or such additional or replacement account as may for the time being be in place pursuant to the Cash Management Agreement with the prior consent of the Security Trustee and designated as such
Transaction Documents	(a) Mortgage Sale Agreement; (b) each Scottish Declaration of Trust; (c) Servicing Agreement; (d) Asset Monitor Agreement; (e) Intercompany Loan Agreement; (f) LLP Deed; (g) Cash Management Agreement; (h) Interest Rate Swap Agreement; (i) each Covered Bond Swap Agreement; (j) Bank Account Agreement; (k) Corporate Services Agreement; (l) Deed of Charge (and any documents entered into pursuant to the Deed of Charge, including without limitation each Scottish Supplemental Charge and Scottish Sub-Security); (m) Trust Deed; (n) Agency Agreement; (o) Programme Agreement; (p) Guaranteed Investment Contract; (q) Intercompany Mortgage Sale Agreement; (r) the Final Terms or Pricing Supplement as applicable in the case of each issue of listed Covered Bonds subscribed for pursuant to a subscription agreement; (s) each subscription agreement (as applicable in the case of each issue of listed Covered Bonds subscribed for pursuant to a subscription agreement); (t) Master Definitions and Construction Agreement; (u) Australian Agency Agreement;

	(v) Australian Deed Poll; and (w) any other agreement or document from time to time designated as such by the Issuer, the LLP and the Bond Trustee and/or Security Trustee
Transfer Agent	In relation to all or any Series of Registered Covered Bonds, The Bank of New York Mellon, London Branch (or, in the case of N Covered Bonds, the Registrar), in its capacity as transfer agent or, if applicable, any successor transfer agent in relation to all or any Series of Registered Covered Bonds
Transfer Agents	The meaning given on page 107 of this Prospectus
Transfer Certificate	The meaning given in Condition 2(f)(i) (*Transfers of interests in Regulation S Global Covered Bonds in the United States or to U.S. persons*) of the Terms and Conditions
Trust Deed	The trust deed entered into on the Programme Date between the Issuer, the LLP, the Bond Trustee and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time)
Treaty	The meaning given on page 143 of this Prospectus
TSB	TSB Bank plc
U.S. holder	The meaning given on page 252 of this Prospectus
UCITS Directive	The meaning given on page 76 of this Prospectus
UK	The meaning given on page 2 of this Prospectus
UK EMIR	The meaning given on page 84 of this Prospectus
UK MiFIR	Regulation (EU) No 600/2014 as amended and as it forms part of UK domestic law by virtue of the EUWA
main market of the London Stock Exchange	The meaning given on page 2 of this Prospectus
Underpayment	A reduced payment by a Borrower (including any payment made under a Flexible Loan) and where such reduced payment is in place of the Monthly Payment set out in the Offer Conditions or as agreed by the relevant Originator (acting as a Reasonable, Prudent Mortgage Lender) due to existing overpayments in accordance with its standard lending practice (or any changed Monthly Payment subsequently notified to the Borrower), where there are sufficient available funds to fund the difference between the Monthly Payment and this reduced payment and where the Borrower is not in breach of the Mortgage Conditions for making such payment
Unlegended Covered Bond	Any Registered Covered Bond which is not a Legended Covered Bond
UTCCR	The Unfair Terms in Consumer Contracts Regulations 1994 (SI 1994/3159) and the 1999 Regulations
Valuation Report	The valuation report or reports for mortgage purposes, in the form of the proforma report contained in the Standard Documentation, obtained by the relevant Originator from a Valuer in respect of each Property or a valuation report in respect of a valuation of a Property made using a methodology which would be acceptable to a Reasonable, Prudent Mortgage Lender and which has been approved by the relevant Originator (or his successor)
Valuer	An Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers

	who was at the relevant time either a member of a firm which was on the list of Valuers approved by or on behalf of the relevant Originator from time to time or an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers employed in-house by the Lloyds Banking Group
Variable Rate Loan	A Loan which is subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Conditions in accordance with the relevant Standard Variable Rate (and shall, for the avoidance of doubt, exclude Fixed Rate Loans and Tracker Loans)
VAT or **Value Added Tax**	The value added tax imposed by the United Kingdom under the Value Added Tax Act 1994 and legislation (whether delegated or otherwise) replacing the same or supplemental thereto or in any primary or subordinate legislation promulgated by the European Union or any official body or agency thereof, and any similar turnover tax replacing or introduced in addition to any of the same
VIF	The meaning given on page 47 of this Prospectus
Yield Shortfall Test	The meaning given on page 190 of this Prospectus
yield to maturity	The meaning given on page 255 of this Prospectus
Zero Coupon Covered Bonds	Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest

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AUSTRALIAN BOND TRUSTEE
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