

## IMPORTANT NOTICE

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE NOTES DESCRIBED HEREIN AND IN THE BASE PROSPECTUS IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER RELEVANT JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**"), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. IN ORDER TO BE ELIGIBLE TO READ THE FINAL TERMS OR MAKE AN INVESTMENT DECISION WITH RESPECT TO THE NOTES DESCRIBED THEREIN, YOU EITHER MUST (I) BE A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (A "**QIB**") OR (II) NOT BE A "U.S. PERSON" AS DEFINED IN REGULATIONS.

In the United Kingdom, these Final Terms are directed only at persons who (i) are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (ii) are persons falling within Article 49(2)(a) to (d) ("**high net worth companies, unincorporated associations etc**") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "**relevant persons**"). The Final Terms must not be acted on or relied upon by persons other than relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

The Final Terms may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. person unless such person is a QIB.

Any forwarding, distribution or reproduction of the Final Terms in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

The Final Terms are being sent at your request and by accepting the email and accessing the Final Terms, you shall be deemed to have represented to us that you and any customers you represent are either (i) not a U.S. person or (ii) a QIB; and, in each case, that you consent to delivery of the Final Terms by electronic transmission.

You are reminded that the Final Terms have been delivered to you on the basis that you are a person into whose possession the Final Terms may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Final Terms to any other person.

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

The Final Terms have been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Barclays Bank PLC (the "**Arranger**"), Barclays Bank PLC, Citigroup Global Markets Limited, Merrill Lynch International, Merrill Lynch, Pierce, Fenner & Smith Incorporated, National Australia Bank Limited or nabSecurities, LLC (the "**Lead Managers**") nor any person who controls the Arranger or the Lead Managers nor any director, officer, employee, agent or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Final Terms distributed to you in electronic format herewith and the hard copy version available to you on request from the Arranger or the Lead Managers.

26 July, 2012

## Lanark Master Issuer plc

(Incorporated with limited liability in England and Wales, registered number 6302751)

### Issue of series 2012-2 notes

#### under its £20 billion residential mortgage backed note programme

The series 2012-2 notes will comprise the following classes of notes:

Initial principal amount	class	Final maturity	Issue price	Ratings		
				Fitch	Moody's	Standard & Poor's
\$800,000,000	Class 1A	December 2054	100%	AAAsf	Aaa(sf)	AAA(sf)
£525,000,000	Class 2A	December 2054	100%	AAAsf	Aaa(sf)	AAA(sf)
£75,000,000	Class Z	December 2054	100%	n/a	n/a	n/a

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the notes set forth in the base prospectus dated 16 February 2012, the first supplement to the base prospectus dated 27 February 2012 and the second supplement to the base prospectus dated 19 July 2012 (together, the "**base prospectus**") which together constitute a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the final terms of the notes described herein (other than the series 2012-2 class Z notes) for the purposes of Article 5(4) of the Prospectus Directive and must be read in conjunction with the base prospectus. This document is not a prospectus for the purposes of Section 12(a)(2) or any other provision or rule under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Full information on the issuer and the offer of the notes is only available on the basis of the combination of these final terms and the base prospectus. The base prospectus is available for viewing at the offices of the paying agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB and copies are available at the registered address of the issuer at Mailstop 429, Winchester House, 1 Great Winchester Street, London EC2N 2DB. This final terms may be used to offer and sell the series 2012-2 notes only if accompanied by the base prospectus.

The series 2012-2 notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction. The series 2012-2 notes are being offered solely (i) outside the United States to non-U.S. persons in offshore transactions (as defined in Regulation S under the Securities Act ("**Regulation S**")) in reliance on Regulation S and (ii) within the United States in reliance on Rule 144A under the Securities Act ("**Rule 144A**") to persons who are "qualified institutional buyers" as defined in Rule 144A ("**QIBs**").

The series 2012-2 notes may not be reoffered, resold, pledged, exchanged or otherwise transferred except in transactions exempt from or not subject to the registration requirements of the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction. By its purchase of a series 2012-2 note, each purchaser will be deemed to have (1) represented and warranted that (i) it is a QIB acting for its own account or the account of another QIB, or (ii) it is a non-US person located outside the United States and (2) agreed that it will only sell such series 2012-2 note in accordance with the applicable restrictions set forth herein and/or in the base prospectus. See "**Subscription and sale**" in the base prospectus.

The series 2012-2 notes have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or any other United States regulatory authority, nor have any of the foregoing authorities passed upon the accuracy or adequacy of this final terms or the base prospectus. Any representation to the contrary is a criminal offence.

You should read this final terms and the base prospectus carefully before you invest. A note is not a deposit and neither the series 2012-2 notes nor the mortgage loans in the mortgage portfolio are insured or guaranteed by Clydesdale Bank PLC or by any United Kingdom or United States governmental agency. The series 2012-2 notes will be obligations solely of the issuer and will not be guaranteed by, or be the responsibility of, any other entity. The issuer will seek to satisfy its obligations under the series 2012-2 notes from its assets.

**PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE ISSUER AND ANY SELLER**

**OF ANY NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.**

See the section headed "**Notices to Investors**" beginning on page vi of the base prospectus for additional information concerning the subscription and sale of the series 2012-2 notes.

Please consider carefully the risk factors beginning on page 7 of the base prospectus before you purchase any notes.

**Arranger**

**Barclays**

**Lead Managers**

**Barclays**

**BofA Merrill Lynch**

**Citigroup**

**National Australia Bank  
Limited**

**nabSecurities, LLC**

The following are the specific terms and conditions relating to the series 2012-2 notes and form part of the terms and conditions of the notes as applied to the series 2012-2 notes (and solely with respect to the series 2012-2 notes) by the issuer trust deed and constitute the final terms of the series 2012-2 notes (other than the series 2012-2 class Z notes) for the purposes of Article 5(4) of the Prospectus Directive.

**1. Issue of the notes**

- (a) **Issuer**  
Lanark Master Issuer plc
- (b) **Series**  
Series 2012-2
- (c) **Closing date**  
27 July 2012
- (d) **Initial principal amount**

Notes	Initial principal amount
Series 2012-2 class 1A notes	\$800,000,000
Series 2012-2 class 2A notes	£525,000,000
Series 2012-2 class Z notes	£75,000,000

- (e) **Issue price**  
100% of the initial principal amount in relation to each class of notes in the series 2012-2 notes

(f) **Ratings**

Notes	Ratings		
	Fitch	Moody's	Standard & Poor's
Series 2012-2 class 1A notes	AAAsf	Aaa(sf)	AAA(sf)
Series 2012-2 class 2A notes	AAAsf	Aaa(sf)	AAA(sf)
Series 2012-2 class Z notes	n/a	n/a	n/a

(g) **Manager(s)**

For the series 2012-2 class 1A notes, Barclays Bank PLC, Citigroup Global Markets Limited, Merrill Lynch International, Merrill Lynch, Pierce, Fenner & Smith Incorporated, National Australia Bank Limited and nabSecurities, LLC.

For the series 2012-2 class 2A notes, Barclays Bank PLC, Citigroup Global Markets Limited, Merrill Lynch International, Merrill Lynch, Pierce, Fenner & Smith Incorporated, National Australia Bank Limited and nabSecurities, LLC.

For the series 2012-2 class Z notes, not applicable (the note purchaser will be Clydesdale Bank PLC).

(h) **Stabilising manager(s)**

For the series 2012-2 class 1A notes and the series 2012-2 class 2A notes, not applicable.

For the series 2012-2 class Z notes, not applicable.

(i) **Additional selling restrictions**

Not applicable

**2. Form and holding of the notes**

(a) **Reg S notes and Rule 144A notes**

The series 2012-2 class 1A notes are either Reg S notes or Rule 144A notes.

The series 2012-2 class 2A notes are either Reg S notes or Rule 144A notes.

Reg S global note certificates are registered in the name of a common depositary for Euroclear and Clearstream, Luxembourg. Rule 144A global note certificates denominated in a currency

other than US dollars are registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg. Rule 144A global note certificates denominated in US dollars are registered in the name of a nominee for The Depository Trust Company.

All of the series 2012-2 class Z notes are Reg S notes.

**(b) Specified currency**

US dollars in respect of each class of notes in the series 2012-2 notes that is denominated in US dollars

Pounds sterling in respect of each class of notes in the series 2012-2 notes that is denominated in pounds sterling

**(c) Specified denominations**

For each class of notes in the series 2012-2 notes denominated in US dollars, \$250,000 and integral multiples of \$1,000 in excess thereof

For each class of notes in the series 2012-2 notes denominated in pounds sterling, £100,000 and integral multiples of £1,000 in excess thereof

**(d) Additional Business Centre(s)**

Not applicable

**(e) Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg**

Not applicable

**(f) Additional Paying Agent(s)**

Not applicable

**(g) Delivery**

Delivery against payment

**(h) Clearing System Codes**

Notes	CUSIP number (Reg S)	CUSIP number (Rule 144A)	Common code (Reg S)	Common code (Rule 144A)	ISIN (Reg S)	ISIN (Rule 144A)
Series 2012-2 class 1A notes	G53590 AW8	513770 AW7	081027587	080994966	USG53590AW82	US513770AW77
Series 2012-2 class 2A notes	n/a	n/a	081007357	081005907	XS0810073576	XS0810059070
Series 2012-2 class Z notes	n/a	n/a	n/a	n/a	n/a	n/a

**(i) Listing**

For the series 2012-2 class 1A notes and the series 2012-2 class 2A notes, listing on the official list of the UK Listing Authority and admission to trading on the London Stock Exchange's regulated market

For the series 2012-2 class Z notes, not applicable

**(j) Estimate of total expenses related to admission to trading**

£4,400

**3. Interest on the notes**

**(a) Interest commencement date**

27 July 2012

**(b) Fixed rate note provisions**

Not applicable

**(c) Floating rate note provisions**

The floating rate note provisions are applicable to the series 2012-2 class 1A notes, the series 2012-2 class 2A notes and the series 2012-2 class Z notes.

**(i) Note payment dates**

For each class of notes in the series 2012-2 notes, the monthly payment date falling in February, May, August and November in each year up to and including the final maturity

date or, following the occurrence of a pass-through trigger event, each monthly payment date up to and including the final maturity date. The first note payment date in respect of the series 2012-2 notes will be the note payment date falling in August 2012.

(ii) **Business day convention**

For each class of notes in the series 2012-2 notes, following business day convention

(iii) **Screen rate determination**

The screen rate determination provisions are applicable to each class of notes in the series 2012-2 notes

(A) **Reference rate**

For each interest period for each class of notes in the series 2012-2 notes denominated in US dollars, three-month USD LIBOR or, in respect of the first interest period for each class of notes in the series 2012-2 notes denominated in US dollars, the linear interpolation of two-week US LIBOR and one-month US LIBOR and for each interest period for each class of notes in the series 2012-2 notes denominated in US dollars following the earlier to occur of the step-up date (if any) and a pass-through trigger event, one-month US LIBOR

For each interest period for each class of notes in the series 2012-2 notes denominated in pounds sterling, three-month sterling LIBOR or, in respect of the first interest period for each class of notes in the series 2012-2 notes denominated in pounds sterling, the linear interpolation of two-week sterling LIBOR and one-month sterling LIBOR and for each interest period for each class of notes in the series 2012-2 notes denominated in sterling following the earlier to occur of the step-up date (if any) and a pass-through trigger event, one-month sterling LIBOR

(B) **Interest determination date(s)**

For each class of notes in the series 2012-2 notes denominated in US dollars, the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each floating interest period

For each class of notes in the series 2012-2 notes denominated in pounds sterling, the first day of each floating interest period

(C) **Relevant screen page**

For each class of notes in the series 2012-2 notes denominated in US dollars, Reuters Screen LIBOR 01 Page

For each class of notes in the series 2012-2 notes denominated in pounds sterling, Reuters Screen LIBOR 01 Page

(iv) **ISDA determination**

Not applicable.

(v) **Margin(s)**

Notes	Margin for each floating interest period up to (but excluding) the step-up date	Margin for each floating interest period from (and including) the step-up date
Series 2012-2 class 1A notes	1.40%	2.80%
Series 2012-2 class 2A notes	1.63%	3.26%
Series 2012-2 class Z notes	0.90%	1.80%

(vi) **Step-up date**

<b>Notes</b>	<b>Step-up date – the note payment date falling in</b>
Series 2012-2 class 1A notes	February 2016
Series 2012-2 class 2A notes	November 2017
Series 2012-2 class Z notes	November 2017

(vii) **Maximum rate of interest and minimum rate of interest**

Not applicable

(viii) **Day count fraction**

For each class of notes in the series 2012-2 notes denominated in US dollars, Actual/360

For each class of notes in the series 2012-2 notes denominated in pounds sterling, Actual/365

(ix) **Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on floating rate notes, if different from those set out in the terms and conditions of the notes**

Not applicable

(x) **Party responsible for calculating the rate of interest and interest amount (if not the agent bank)**

Not applicable

(d) **Change of interest basis or redemption/payment basis**

Not applicable

**4. Repayment of the notes**

(a) **Type of note**

The series 2012-2 class 1A notes and the series 2012-2 class 2A notes are controlled amortisation notes

The series 2012-2 class Z notes are pass-through notes

(b) **Details relating to bullet notes**

Not applicable

(c) **Details relating to controlled amortisation notes**

Applicable

<b>Controlled amortisation dates the note payment date falling in</b>	<b>Series 2012-2 class 1A notes</b>		<b>Series 2012-2 class 2A notes</b>
	<b>Target balance (£)</b>	<b>Target balance (\$)</b>	<b>Target balance (£)</b>
August 2012	511,018,844	800,000,000	525,000,000
November 2012	511,018,844	800,000,000	525,000,000
February 2013	511,018,844	800,000,000	525,000,000
May 2013	511,018,844	800,000,000	525,000,000
August 2013	511,018,844	800,000,000	525,000,000
November 2013	486,281,326	761,273,415	525,000,000
February 2014	462,355,985	723,818,294	525,000,000
May 2014	439,216,155	687,592,891	525,000,000
August 2014	416,836,048	652,556,833	525,000,000
November 2014	395,190,720	618,671,071	525,000,000
February 2015	374,256,046	585,897,840	525,000,000
May 2015	354,008,695	554,200,613	525,000,000
August 2015	334,426,101	523,544,062	525,000,000

November 2015	315,486,439	493,894,020	525,000,000
February 2016	297,168,600	465,217,443	525,000,000
May 2016	0	0	482,315,304
August 2016	0	0	441,032,023
November 2016	0	0	401,104,146
February 2017	0	0	362,487,173
May 2017	0	0	325,138,064
August 2017	0	0	289,015,194
November 2017	0	0	254,078,301
February 2018	0	0	0

Notwithstanding the target balance shown for the series 2012-2 class 1A notes on the note payment date occurring in February 2016, it is expected that, subject to having sufficient funds and to other commercial considerations, the issuer will exercise its option to redeem the series 2012-2 class 1A notes in full on the note payment date occurring in February 2016 (which is the step up date for such notes) pursuant to the conditions.

Notwithstanding the target balance shown for the series 2012-2 class 2A notes on the note payment date occurring in November 2017, it is expected that, subject to having sufficient funds and to other commercial considerations, the issuer will exercise its option to redeem the series 2012-2 class 2A notes in full on the note payment date occurring in November 2017 (which is the step up date for such notes) pursuant to the conditions

**(d) Details relating to pass-through notes**

Applicable

The series 2012-2 class Z notes will become due on the note payment date falling in November 2017 and on each note payment date thereafter.

**(e) Redenomination**

For each class of notes in the series 2012-2 notes denominated in US dollars, redenomination not applicable

For each class of notes in the series 2012-2 notes denominated in pounds sterling, redenomination applicable

**(f) Final maturity date**

Notes	Final maturity date – the note payment date falling in
Series 2012-2 Class 1A notes	December 2054
Series 2012-2 Class 2A notes	December 2054
Series 2012-2 Class Z notes	December 2054

**5. Money market notes**

Not applicable

**6. Required subordinated percentage and reserves**

**(a) Required subordinated percentage**

Notes	Required subordinated percentage
class A notes	13.80% and from (and including) 22 August 2012, 17.27%
class B notes	Not applicable
class C notes	Not applicable
class D notes	Not applicable
class E notes	Not applicable



- (b) **Target reserve required amount**  
£106,252,181
- (c) **Programme reserve required percentage**  
3.37% and from (and including) 22 August 2012, 4.20%
- (d) **Arrears or step-up trigger event**
  - (i) Item (i) funding reserve fund increased amount  
£26,563,045
  - (ii) Item (ii) funding reserve fund increased amount  
£26,563,045
  - (iii) Item (i) and (ii) funding reserve fund increased amount  
£53,126,091

**7. Details of the issuer swaps relating to the notes**

(a) **Issuer swap providers**

For each class of notes in the series 2012-2 notes denominated in US dollars, National Australia Bank Limited

(b) **Specified currency exchange rate**

For each class of notes in the series 2012-2 notes denominated in US dollars, £1.00/\$1.5655

**8. Operational information**

**Notes to be held in a manner which would allow Eurosystem eligibility:**

Series 2012-2 class 1A notes: No

Series 2012-2 class 2A notes: No

Series 2012-2 class Z notes: No

**9. Rating Agencies**

Standard & Poor's Credit Market Service Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) as of 31 October 2011.

Moody's Investors Service Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) as of 31 October 2011.

Fitch Ratings Ltd. is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) as of 31 October 2011.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**") unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

**10. ERISA eligibility**

Employee benefit plans can buy the series 2012-2 class 1A notes, subject to the considerations in the section "**ERISA considerations**" in the base prospectus.

Employee benefit plans cannot buy the series 2012-2 class 2A notes or the series 2012-2 class Z notes.

**11. Other terms or special conditions or additional information**

Condition 5(E) of the terms and conditions of the notes shall not apply to the extent that the issuer would (or, in accordance with Condition 5(E), satisfies the note trustee that it would), on a note

payment date for the series 2012-2 class Z notes, be required to deduct or withhold from any payment of interest under the series 2012-2 class Z notes any amount for or on account of present United Kingdom income tax.

The series 2012-2 class Z notes may be redeemed by the issuer in whole or in part in accordance with Condition 5(D) of the terms and conditions of the notes, and in the case of any part redemption, the "redemption amount" for the purposes of Condition 5(D) of the terms and conditions of the notes will be the amount specified in the notice to the note trustee and the noteholders as the aggregate redemption amount of the series 2012-2 class Z notes that is to be so redeemed on the relevant date. The only funds to be used to redeem class Z notes in full or in part will be a refinancing repayment amount that is funded by a special distribution by the mortgages trustee to Funding, which is in turn funded by an initial contribution made by the seller to the mortgages trustee.

### Loan tranche information

On the closing date for the series 2012-2 notes, the issuer will, pursuant to the terms of the global intercompany loan agreement, advance to funding an aggregate amount in sterling equal to the proceeds of the issue of the series 2012-2 notes.

The advance will be made up of separate loan tranches. Each loan tranche will be funded by a separate class or sub-class of notes in the series 2012-2 notes and will be identified by reference to that class or sub-class of notes.

The loan tranches to be funded by the series 2012-2 notes are as follows:

Loan tranches	Initial principal amount	Notes that will fund the loan tranche
AAA (Class 1A) Loan Tranche	£511,018,844	Series 2012-2 class 1A notes
AAA (Class 2A) Loan Tranche	£525,000,000	Series 2012-2 class 2A notes
Z (Class Z) Loan Tranche	£75,000,000	Series 2012-2 class Z notes

The following are certain other terms and conditions of the loan tranches that will be funded by the series 2012-2 notes.

- (a) **Closing date**  
27 July 2012
- (b) **Interest commencement date**  
27 July 2012
- (c) **Step-up date and final maturity date**

Loan Tranches	Step-up date – the loan payment date falling in	Final maturity date – the loan payment date falling in
AAA (Class 1A) Loan Tranche	February 2016	December 2054
AAA (Class 2A) Loan Tranche	November 2017	December 2054
Z (Class Z) Loan Tranche	November 2017	December 2054

- (d) **Loan payment dates**  
For all loan tranches to be funded by the series 2012-2 notes, each monthly payment date falling in each year up to and including the final maturity date. The first loan payment date for the loan tranche funded by the series 2012-2 notes will be the monthly payment date falling in August 2012.
- (e) **Funding rating repayment test**  
The Funding rating repayment test is applicable to the Z (Class Z) Loan Tranche.

### **Issuer swap provider**

National Australia Bank Limited ("**NAB**") is the Issuer Swap Provider in respect of the series 2012-2 class 1A notes.

NAB is registered in the State of Victoria with Australian Business Number (ABN) 12 004 044 937. NAB was incorporated on 23 June 1893.

NAB is a public limited company incorporated in the Commonwealth of Australia and it operates under Australian legislation including the Corporations Act 2001 of Australia. Its registered office is Level 4 (UB4440), 800 Bourke Street, Docklands, Victoria 3008, Australia.

At the date of this final terms, National Australia Bank Limited has a long-term rating of "AA-" by Standard & Poor's, "Aa2" by Moody's and "AA-" by Fitch and a short-term rating of "A-1+" by Standard & Poor's, "P-1" by Moody's and "F1+" by Fitch.

See also "**Clydesdale Bank and YBHL – National Australia Bank Limited**" in the base prospectus.

Further information on NAB and its subsidiaries, including its consolidated audited financial statements and accompanying notes thereto, may be accessed through [http://www.nab.com.au/wps/wcm/connect/nab/nab/home/about\\_us](http://www.nab.com.au/wps/wcm/connect/nab/nab/home/about_us). The material contained on this website does not form part of this final terms.

NAB is also the Funding basis rate swap provider and issuer swap provider in relation to other series and classes of notes.

The information contained in the preceding paragraphs has been provided by NAB for use in this final terms. Except for the foregoing paragraphs, NAB has not been involved in the preparation of, and does not accept responsibility for this final terms or the base prospectus.

### **Start-Up Loan**

The start-up loan provider for the start-up loan to be made to the issuer on the closing date specified herein will be Clydesdale Bank PLC.

The initial principal amount of such start-up loan will be £5,426,632.

The interest rate for such start-up loan will be three-month sterling LIBOR plus 0.90%.

### **Other series of notes issued**

As of the closing date specified herein, the aggregate principal amount outstanding of notes issued by the issuer (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the notes described herein, will be:

Class A notes	£2,823,799,916
Class B notes	£nil
Class C notes	£nil
Class D notes	£nil
Class E notes	£nil
Class Z notes	£331,500,000

### **Other loan tranches**

As of the closing date specified herein, the aggregate principal amount outstanding of loan tranches advanced by the issuer to funding pursuant to the terms of the global intercompany loan agreement, including the loan tranches described herein, will be:

AAA	£2,823,799,916
AA	£nil
A	£nil
BBB	£nil
BB	£nil
Z	£331,500,000

### **Mortgage sale representation date**

Not applicable

### **Mortgage loan final maturity date**

Not applicable

### **Interest only mortgage loan amount**

Applicable

38.71%

### **Fitch Conditions**

For the purposes of the Fitch Conditions:

- (a) the original weighted average LTV margin shall be 69%;
- (b) the current weighted average LTV margin shall be 63%;
- (c) the Fitch original LTV margin shall be 33%; and
- (d) the Fitch interest only mortgage loan mortgage amount shall be 34%.

### Maturity and repayment considerations

The average lives of each class of the series 2012-2 notes cannot be stated because the actual rate of repayment of the mortgage loans and redemption of the mortgages and a number of other relevant factors are unknown. Calculations of the possible average lives of each class of the series 2012-2 notes can be made, however, based on certain assumptions. The assumptions used to calculate the possible average lives of each class of the series 2012-2 notes in the following table include that:

- (a) neither the issuer security nor the Funding security is enforced;
- (b) the aggregate current balance of mortgage loans in the mortgages trust will not fall below an amount equal to the product of 1.05 and the principal amount outstanding of all notes of the issuer at any time;
- (c) no asset trigger event or non-asset trigger event occurs;
- (d) no event occurs that would cause payments on each class of the series of notes issued by the issuer on 6 August 2007 (the "**series 2007-1 notes**") or each class of the series of notes issued by the issuer on 29 February 2012 (the "**series 2012-1 notes**") which remain outstanding or each class of the series 2012-2 notes to be deferred;
- (e) the issuer exercises its option to redeem each class of the series 2007-1 notes, each class of the series 2012-1 notes and each class of the series 2012-2 notes on the step-up date, if any, relating to such notes;
- (f) the series 2012-2 notes are issued on the closing date specified herein;
- (g) each payment made by the issuer to the noteholders is paid on the 22<sup>nd</sup> day of the relevant month in which such payment is payable, regardless of whether such date is a business day;
- (h) no interest or fees are paid from mortgages trustee available principal receipts, funding available principal receipts or issuer available principal receipts;
- (i) the mortgage loans are not subject to any defaults or losses, and no mortgage loan falls into arrears;
- (j) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller continue to be rated at least "A3" by Moody's, "A-" by Fitch and "BBB+" by Standard & Poor's; and
- (k) no further series of notes are issued after the closing date specified herein.

Assumptions (e) and (f) reflect the issuer's current expectations, although no assurance can be given that repayment of the notes will occur as described. Assumptions (a) through (d) and (h) through (k) relate to unpredictable circumstances.

Based upon the foregoing assumptions, the approximate average lives of the series 2012-2 notes, at various constant payment rates for the mortgage loans, would be as follows:

Constant payment rate (% per annum)	Possible average life of the series 2012-2 class 1A notes (in years)	Possible average life of the series 2012-2 class 2A notes (in years)
5%	3.12	4.95
10%	3.07	4.92
15%	3.07	4.92
20%	3.07	4.92
25%	3.07	4.92
30%	3.07	4.92
35%	3.07	4.92

The average lives of each class of the series 2012-2 notes are subject to factors largely outside the control of the issuer and consequently no assurance can be given that these assumptions and estimates are realistic and they must therefore be viewed with considerable caution. For more information relating to the risks involved in the use of these estimated average lives, see "**Risk factors – The yield to maturity of the notes may be adversely affected by prepayments or redemptions on the mortgage loans or**

**repurchases on the mortgage loans or repurchases of mortgage loans by the seller" in the base prospectus.**

### **The cut-off date mortgage portfolio**

The statistical and other information contained in these final terms has been compiled by reference to the mortgage loans in the cut-off date mortgage portfolio as of 31 May, 2012 (the "**cut-off date**"). The cut-off date mortgage portfolio comprised an aggregate current principal balance of £3,578,769,933.08. The mortgage loans in the cut-off date mortgage portfolio were originated between October 2002 and September 2011.

In addition to the mortgage loans in the cut-off date mortgage portfolio, the seller is also expected to assign to the mortgages trustee on the closing date other mortgage loans originated between October 2002 and May 2012. No such mortgage loan will be so assigned to the mortgages trustee if it does not comply with the terms of the mortgage sale agreement on the closing date. These mortgage loans have not been included in the statistical and other information contained in this final terms relating to the cut-off date mortgage portfolio. The statistical and other information contained in this final terms relating to the cut-off date mortgage portfolio is therefore merely representative of the mortgage loans in the mortgage portfolio on the closing date.

Once the determination has been made as to the anticipated principal balances of the notes to be issued and the corresponding size of the trust that would be required ultimately to support payments on the notes, the seller will then randomly select the mortgage loans to be assigned to the mortgages trustee on the closing date from the mortgage loans available to be so assigned on such date. It is expected that the aggregate current principal balance of the loans to be assigned to the mortgages trustee on the closing date will not exceed £210,000,000.

Unless indicated otherwise, the following description relates to types of mortgage loans that are included in the mortgage portfolio as of the closing date or on any subsequent date.

The borrowers in respect of 100% of the aggregate current principal balance of the mortgage loans in the cut-off date mortgage portfolio as of 30 September 2011 have agreed to have their scheduled mortgage payments to the originators directly debited from their bank accounts.

25.40% of the aggregate current principal balance of the mortgage loans in the cut-off date mortgage portfolio as of the cut-off date were fixed rate mortgage loans. The remaining 74.60% of the aggregate current principal balance of the mortgage loans in the cut-off date mortgage portfolio as of the cut-off date were standard variable rate mortgage loans, variable rate mortgage loans, capped rate mortgage loans, discount rate mortgage loans or tracker rate mortgage loans, as described below.

A small proportion of mortgage loans (approximately 0.81% of the aggregate current principal balance of the mortgage loans in the cut-off date mortgage portfolio) are mortgage loans extended to the relevant borrowers in connection with 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).

As of the cut-off date, the seller's standard variable rate for existing and new borrowers was 4.95% per annum.

The tables set out in "**Mortgage portfolio**" show statistical and other information relating to all mortgage loans in the cut-off date mortgage portfolio as of the cut-off date.

Columns stating percentage amounts may not add up to 100% due to rounding.



## Mortgage portfolio

### Originators

Originator	Aggregate current balance (£)	% of total	Number of mortgage loan parts	% of total
Clydesdale Bank	1,847,690,437.87	51.63	14,979	35.92
YBHL	1,731,079,495.21	48.37	26,720	64.08
<b>Total</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

### Types of mortgage loan

Type of mortgage loan	Aggregate current balance (£)	% of total	Number of mortgage loan parts	% of total
Owner Occupied	3,574,355,475.26	99.88	41,661	99.91
Second/ Holiday Home	4,414,457.82	0.12	38	0.09
<b>Total</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

### Tenure

Tenure	Aggregate current balance (£)	% of total	Number of mortgage loan parts	% of total
Feuhold	741,496,977.85	20.72	9,691	23.24
Freehold	2,416,907,832.94	67.53	27,676	66.37
Leasehold	320,201,350.97	8.95	3,109	7.46
Unknown	100,163,771.32	2.80	1,223	2.93
<b>Total</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

### Seasoning of mortgage loans at closing

The following table shows length of time since the mortgage loans were originated as of the cut-off date.

Age of mortgage loans (months)	Aggregate current balance (£)	% of total	Number of mortgage loan parts	% of total
0 to 6	-	0.00	-	0.00
7 to 12	238,960,440.87	6.68	1,737	4.17
13 to 18	451,916,534.29	12.63	3,996	9.58
19 to 24	413,436,121.06	11.55	3,928	9.42
25 to 30	214,945,587.40	6.01	2,168	5.20
31 to 36	180,675,566.34	5.05	1,832	4.39
37 to 42	81,451,126.52	2.28	1,057	2.53
43 to 48	149,480,782.26	4.18	1,953	4.68
49 to 54	345,224,874.37	9.65	3,467	8.31
55 >=	1,502,678,899.97	41.99	21,561	51.71
<b>Total</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

The weighted average seasoning of mortgage loans, as of the cut-off date, was 45.24 months. The maximum seasoning of such mortgage loans, as of the cut-off date, was 115 months and the minimum seasoning of such mortgage loans, as of the cut-off date, was 8 months.

### *Years to maturity at closing*

<u>Years to maturity</u>	<u>Aggregate current balance (£)</u>	<u>% of total</u>	<u>Number of mortgage loan parts</u>	<u>% of total</u>
0 to 5	299,453,444.61	8.37	4,588	11.00
6 to 10	509,397,255.00	14.23	8,086	19.39
11 to 15	814,522,628.58	22.76	10,410	24.96
16 to 20	1,225,713,283.73	34.25	12,226	29.32
21 to 25	501,418,883.35	14.01	4,153	9.96
26 to 30	103,079,764.69	2.88	964	2.31
30 >	125,184,673.12	3.50	1,272	3.05
<b>Total</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

The weighted average remaining term of the mortgage loans, as of the cut-off date, was 15.91 years. The maximum remaining term, as of the cut-off date, was 39 years and the minimum remaining term, as of the cut-off date, was 0 years.

### *Geographical distribution of mortgaged properties*

The following table shows the spread of mortgaged properties securing the mortgage loans throughout England, Wales and Scotland as of the cut-off date. No properties are situated outside England, Wales and Scotland. The geographical location of a property has no impact upon the lending criteria and credit scoring tests.

<u>Region</u>	<u>Aggregate current balance (£)</u>	<u>% of total</u>	<u>Number of mortgage loan parts</u>	<u>% of total</u>
East Anglia	45,281,807.83	1.27	319	0.77
East Midlands	213,831,530.48	5.98	2,899	6.95
Greater London	594,901,141.34	16.62	2,359	5.66
North	264,987,279.64	7.40	4,063	9.74
North West	367,038,240.62	10.26	5,029	12.06
Northern Ireland	-	0.00	-	0.00
Scotland	774,898,519.72	21.65	10,186	24.43
South East	174,513,486.82	4.88	849	2.04
South West	108,133,008.31	3.02	570	1.37
Wales	19,670,454.76	0.55	133	0.32
West Midlands	123,775,867.3	3.46	1,276	3.06
Yorks and Humber	891,738,596.26	24.92	14,016	33.61
<b>Total</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

### **Original loan-to-value ratios**

The following table shows the range of original loan-to-value ratios, which express the current balance of a mortgage loan, as at the date of its origination, divided by the value of the mortgaged property securing that mortgage loan at the same date.

No mortgaged property has been revalued since the date of origination of the related mortgage loan other than where additional lending or re-mortgaging has been applied for since the date of origination or where the mortgage loan was mortgage loan originated by either originator prior to 10th April 2006 (unless originated through the intermediary/broker network) where a self assessment of the property valuation from the potential borrower was used for the valuation of the property, and in applying that self assessment to an LTV calculation, an LTV ratio of less than 75% was determined. In each of the aforementioned cases, the original valuation may have been updated with a more recent valuation, which recent valuation has been used in formulating this data.

<b>Original LTV %</b>	<b>Aggregate current balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
0.01 to 25.00	101,486,909.03	2.84	3,017	7.79
25.01 to 50.00	637,326,067.97	17.81	10,667	27.54
50.01 to 55.00	214,663,766.20	6.00	2,539	6.56
55.01 to 60.00	252,252,916.64	7.05	2,625	6.78
60.01 to 65.00	315,914,687.24	8.83	2,779	7.18
65.01 to 70.00	250,965,903.43	7.01	2,387	6.16
70.01 to 75.00	372,342,254.05	10.40	2,949	7.61
75.01 to 80.00	330,904,341.56	9.25	2,754	7.11
80.01 to 85.00	293,741,088.92	8.21	2,200	5.68
85.01 to 90.00	537,141,982.34	15.01	4,421	11.42
90.01 to 95.00	237,337,891.90	6.63	2,076	5.36
95.01 to 100.00	28,468,958.52	0.80	254	0.66
100.01 >=	6,223,165.28	0.17	61	0.16
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>38,729</b>	<b>100.00</b>

The weighted average original loan-to-value ratio of the mortgage loans, as of the cut-off date was 67.26%.

### **Current loan-to-value ratios**

The following table shows the range of current loan-to-value ratios, or LTV ratios, which express the current balance of a mortgage loan, as of the cut-off date, divided by the value of the mortgaged property securing that mortgage loan at the same date.

<b>Current LTV %</b>	<b>Aggregate current balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
0.01 to 25.00	236,028,409.59	6.60	7,643	19.73
25.01 to 50.00	846,315,331.50	23.65	11,642	30.06
50.01 to 55.00	241,743,815.71	6.75	2,360	6.09
55.01 to 60.00	278,646,729.18	7.79	2,466	6.37
60.01 to 65.00	327,376,195.55	9.15	2,619	6.76
65.01 to 70.00	292,214,839.17	8.17	2,313	5.97
70.01 to 75.00	345,196,186.76	9.65	2,379	6.14
75.01 to 80.00	281,756,426.74	7.87	1,940	5.01
80.01 to 85.00	234,681,198.07	6.56	1,600	4.13
85.01 to 90.00	330,251,833.38	9.23	2,365	6.11
90.01 to 95.00	144,802,607.43	4.05	1,267	3.27
95.01 to 100.00	16,076,674.50	0.45	118	0.30
100.01 >=	3,679,685.50	0.10	17	0.04
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>38,729</b>	<b>100.00</b>

The weighted average current loan-to-value ratio of the mortgage loans, as of the cut-off date was 60.65%.

### **Current indexed loan-to-value ratios**

The following table shows the range of current indexed loan-to-value ratios, or LTV ratios, which express the current balance of a mortgage loan, as of the cut-off date, divided by the indexed value of the mortgaged property securing that mortgage loan, as of the same date (calculated using the Nationwide House Price Index).

<b>Current indexed LTV %</b>	<b>Aggregate current balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loans</b>	<b>% of total</b>
0.01 to 25.00	237,609,885.55	6.64	7,817	20.18
25.01 to 50.00	825,684,822.44	23.07	11,444	29.55
50.01 to 55.00	245,134,078.02	6.85	2,370	6.12
55.01 to 60.00	279,214,931.25	7.80	2,447	6.32
60.01 to 65.00	298,563,647.46	8.34	2,459	6.35
65.01 to 70.00	289,656,468.21	8.09	2,257	5.83
70.01 to 75.00	326,729,958.26	9.13	2,279	5.88
75.01 to 80.00	281,350,937.53	7.86	1,971	5.09
80.01 to 85.00	244,287,370.09	6.83	1,807	4.67
85.01 to 90.00	256,413,296.87	7.16	2,042	5.27
90.01 to 95.00	166,598,609.11	4.66	1,276	3.29
95.01 to 100.00	106,645,140.61	2.98	480	1.24
100.01 >=	20,880,787.68	0.58	80	0.21
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>38,729</b>	<b>100.00</b>

The weighted average current indexed loan-to-value ratio of the mortgage loans, as of the cut-off date, was 61.39%.

### Current balances

The following table shows the current balances of the mortgage loans (including capitalised fees and/or charges, if applicable), as of the cut-off date:

Range of current principal balance (£)	Aggregate current balance (£)	% of total	Number of mortgage loans	% of total
0.00 to 24,999.99	83,254,068.05	2.33	5,457	14.09
25,000.00 to 49,999.99	331,139,037.29	9.25	8,860	22.88
50,000.00 to 74,999.99	506,223,331.64	14.15	8,167	21.09
75,000.00 to 99,999.99	476,710,665.67	13.32	5,511	14.23
100,000.00 to 124,999.99	376,418,565.39	10.52	3,377	8.72
125,000.00 to 149,999.99	267,367,495.24	7.47	1,959	5.06
150,000.00 to 174,999.99	197,087,959.38	5.51	1,221	3.15
175,000.00 to 199,999.99	163,091,752.67	4.56	872	2.25
200,000.00 to 224,999.99	125,117,807.66	3.50	592	1.53
225,000.00 to 249,999.99	106,857,831.61	2.99	451	1.16
250,000.00 to 274,999.99	89,849,814.73	2.51	343	0.89
275,000.00 to 299,999.99	88,122,849.63	2.46	306	0.79
300,000.00 to 324,999.99	69,180,429.63	1.93	222	0.57
325,000.00 to 349,999.99	58,978,129.63	1.65	175	0.45
350,000.00 to 374,999.99	60,626,687.05	1.69	168	0.43
375,000.00 to 399,999.99	52,076,378.79	1.46	134	0.35
400,000.00 to 424,999.99	42,552,333.42	1.19	103	0.27
425,000.00 to 449,999.99	46,973,563.44	1.31	107	0.28
450,000.00 to 474,999.99	34,962,878.75	0.98	76	0.20
475,000.00 to 499,999.99	41,612,030.05	1.16	85	0.22
500,000.00 to 599,999.99	121,495,469.10	3.39	222	0.57
600,000.00 to 699,999.99	95,524,654.48	2.67	148	0.38
700,000.00 to 799,999.99	55,846,892.02	1.56	75	0.19
800,000.00 to 899,999.99	48,440,564.64	1.35	57	0.15
900,000.00 to 999,999.99	39,258,743.12	1.10	41	0.11
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>38,729</b>	<b>100.00</b>

The largest mortgage loan had a current balance, as of the cut-off date, of £999,105.20. The average current balance, as of the cut-off date, was approximately £92,405.43.

### Flexible Offset Product Type

Originator	Aggregate current balance (£)	% of total	Number of mortgage loan parts	% of total
Flexible	1,491,640,116.28	41.68	18,756	44.98
Offset	2,087,129,816.80	58.32	22,943	55.02
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

### ***Mortgage loan products***

<b>Mortgage loan products</b>	<b>Aggregate current balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loan parts</b>	<b>% of total</b>
Capped	-	0.00	-	0.00
Discount	517,610,586.09	14.46	4,074	9.77
Fixed	908,913,883.37	25.40	9,818	23.54
Tracker	1,136,362,886.54	31.75	10,226	24.52
Variable	1,015,882,577.08	28.39	17,581	42.16
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

### ***Employment status***

<b>Employment status</b>	<b>Aggregate current balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loan parts</b>	<b>% of total</b>
Not Self-employed	3,170,158,255.32	88.58	38,586	92.53
Self-employed	408,611,677.76	11.42	3,113	7.47
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

### ***Distribution of fixed rate mortgage loans***

Fixed rate mortgage loans remain at the relevant fixed rate for a period of time as specified in the offer of advance, after which they move to the standard variable rate of the originators or some other rate as specified in the offer of advance.

<b>Fixed rate %</b>	<b>Aggregate current balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loan parts</b>	<b>% of total</b>
<= 4.00	223,361,999.07	24.57	2,224	22.65
4.01 to 4.50	75,823,406.67	8.34	726	7.39
4.51 to 5.00	105,886,726.41	11.65	1,148	11.69
5.01 to 5.50	40,506,385.24	4.46	492	5.01
5.51 to 6.00	234,631,175.29	25.81	2,247	22.89
6.01 to 7.00	228,704,190.69	25.16	2,981	30.36
<b>Total:</b>	<b>908,913,883.37</b>	<b>100.00</b>	<b>9,818</b>	<b>100.00</b>

**Month/year in which fixed rate period ends**

<b>Month/year in which fixed rate period ends</b>	<b>Aggregate current balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loan parts</b>	<b>% of total</b>
2012	198,821,245.33	21.87	2,151	21.91
2013	435,005,769.31	47.86	4,629	47.15
2014	159,577,635.55	17.56	1,666	16.97
2015	27,426,111.78	3.02	458	4.66
2016	86,806,523.77	9.55	896	9.13
2017	1,276,597.63	0.14	18	0.18
2021	-	0.00	-	0.00
2022	-	0.00	-	0.00
2025	-	0.00	-	0.00
2031	-	0.00	-	0.00
<b>Total:</b>	<b>908,913,883.37</b>	<b>100.00</b>	<b>9,818</b>	<b>100.00</b>

**Repayment terms**

<b>Type of repayment plan</b>	<b>Aggregate current balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loan parts</b>	<b>% of total</b>
Interest Only	1,206,470,250.93	33.71	6,195	14.86
Repayment	2,372,299,682.15	66.29	35,504	85.14
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>

**Arrears table**

<b>Months in arrears</b>	<b>Aggregate current principal balance (£)</b>	<b>% of total</b>	<b>Number of mortgage loan parts</b>	<b>% of total</b>
Current	3,515,573,052.65	98.23	40,847	97.96
0.01 to 2.00 months	35,953,606.72	1.00	480	1.15
2.01 to 3.00 months	6,041,063.07	0.17	72	0.17
3.01 to 6.00 months	8,672,088.66	0.24	122	0.29
6.01 to 12.00 months	5,710,411.57	0.16	89	0.21
12 >	6,819,710.41	0.19	89	0.21
<b>Total:</b>	<b>3,578,769,933.08</b>	<b>100.00</b>	<b>41,699</b>	<b>100.00</b>



***Delinquency and loss experience of the mortgage portfolio (including mortgage loans which previously formed part of the mortgage portfolio)***

Since the establishment of the mortgages trust, total losses on mortgage loans in the mortgage portfolio (including mortgage loans which previously formed part of the mortgage portfolio) were £2,120,384 as at the cut-off date.

The following table summarises loans in arrears and repossession experience for mortgage loans in the mortgage portfolio (including mortgage loans which previously formed part of the mortgage portfolio) as at the cut-off date. The seller will represent and warrant on the closing date that no mortgage loan to be transferred to the mortgages trust on the closing date will have experienced any arrears in excess of an amount equal to one month's principal and interest in the prior 12 months. All of the loans in the table were originated by Clydesdale Bank PLC or Yorkshire Bank Home Loans Limited. Clydesdale Bank PLC and Yorkshire Bank Home Loans Limited service all of the loans that they originate.

The mortgage loans used for statistical purposes in the table below are administered in accordance with Clydesdale Bank PLC's administration policies. The method by which Clydesdale Bank PLC classifies mortgage loans as being in arrears is described in the base prospectus under "**The servicer and the servicing agreement – Arrears and default procedures**", and is important in helping to understand Clydesdale Bank PLC's arrears and repossession experience for mortgage loans in the mortgage portfolio as set forth in the following table.

**Arrears & Delinquencies – mortgage loans in the mortgage portfolio (including mortgage loans which previously formed part of the mortgage portfolio)**

	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31-May-12
<b>Outstanding balance of mortgage loans:</b>	<b>£3,330,732,787</b>	<b>£2,769,918,487</b>	<b>£2,370,122,825</b>	<b>£1,993,585,774</b>	<b>£2,054,003,578</b>	<b>£3,627,320,232</b>
<u>Outstanding balance of mortgage loans in arrears (&gt;0m):</u>						
>0 - <=2 months	£49,392,407	£42,974,216	£39,064,184	£31,829,798	£29,527,261	£36,010,623
>2 - <=3 months	£7,368,790	£10,394,022	£6,404,374	£8,247,926	£5,270,956	£6,041,063
>3 - <=6 months	£5,520,223	£10,618,136	£12,913,632	£11,325,749	£5,529,336	£8,672,089
>6 - <=12 months	£887,424	£6,633,284	£10,554,487	£10,198,566	£7,519,043	£5,710,412
>12 months	£0	£2,800,220	£12,653,466	£15,386,638	£7,098,992	£7,211,515
<b>Total outstanding loan balance in arrears (&gt;0m):</b>	<b>£63,168,844</b>	<b>£73,419,879</b>	<b>£81,590,143</b>	<b>£76,988,678</b>	<b>£54,945,588</b>	<b>£63,645,702</b>
Total loan balances in arrears % (>0m):	1.90%	2.65%	3.44%	3.86%	2.68%	1.75%
Total loan balances in arrears % (>3m):	0.19%	0.72%	1.52%	1.85%	0.98%	0.60%
Outstanding balance of loans in possession (inc. interest):	£0	£2,103,551	£2,998,225	£4,293,850	£1,852,240	£2,621,614
Outstanding balance of loans sold:	£0	£96,478	£2,150,756	£5,276,672	£10,220,041	£11,308,657
Outstanding balance of loans sold in period:	£0	£96,478	£2,054,278	£3,125,916	£4,943,368	£1,088,616
Net loss on sold properties:	£0	£15,406	£467,593	£951,121	£1,946,426	£2,120,384
Ratio of net losses to total loans assigned to trust %: *	0.00%	0.00%	0.01%	0.02%	0.04%	0.03%
Average loss on all sold properties in the period:	£0	£1,284	£38,851	£40,355	£82,942	£34,792
	<b>31-Dec-07</b>	<b>31-Dec-08</b>	<b>31-Dec-09</b>	<b>31-Dec-10</b>	<b>31-Dec-11</b>	<b>31-May-12</b>
<b>Outstanding number of mortgage loans:</b>	<b>40,507</b>	<b>34,693</b>	<b>30,122</b>	<b>25,997</b>	<b>25,258</b>	<b>42,180</b>
<u>Outstanding number of mortgage loans in arrears (&gt;1m):</u>						
>0 - <=2 months	615	574	520	486	418	481
>2 - <=3 months	88	112	92	89	72	72
>3 - <=6 months	62	115	168	147	92	122
>6 - <=12 months	13	69	136	137	107	89
>12 months	-	26	108	156	100	95
<b>Total outstanding number of loans in arrears (&gt;0m):</b>	<b>778</b>	<b>896</b>	<b>1,024</b>	<b>1,015</b>	<b>789</b>	<b>859</b>
Total number of loans balances in arrears % (>0m):	1.92%	2.58%	3.40%	3.90%	3.12%	2.04%
Total loan balances in arrears % (>3m):	0.19%	0.61%	1.37%	1.69%	1.18%	0.73%
Number of loans in possession:	0	13	21	34	26	22
Number of loans sold in the period:	0	1	22	31	45	18

\*Loans assigned to the trust to date at the period end

### Static pool data

This section sets out, to the extent material, certain static pool information with respect to the mortgage loans in the mortgage portfolio.

The issuer has not included static pool information on prepayments in this section, as this information is not separately identified by the servicer. However, prepayment rates in respect of the mortgage loans in the mortgage portfolio are set out in the monthly reports to investors that are prepared pursuant to the servicing agreement.

The sale of new mortgage loans by the seller to the mortgages trustee is subject to conditions, including conditions required by the rating agencies, designed to maintain certain credit-related and other characteristics of the mortgages trust. These include limits on mortgage loans in arrears in the mortgage portfolio at the time of sale, limits on the aggregate balance of mortgage loans sold, limits on changes in the weighted average foreclosure frequency (WAFF) and the weighted average loss severity (WALS), minimum yield for the mortgage loans in the mortgage portfolio after the sale and maximum LTV for the loans in the mortgage portfolio after the sale. See a description of these conditions in “**Assignment of the mortgage loans and related security - Assignment of the mortgage loans and their related security**” in the base prospectus.

The following tables show, for each of the last five years of origination, the distribution of loans in the mortgages trust originated in that year by delinquency category as at each year-end starting in December 2007.

## Mortgage portfolio arrears by year of origination

### Mortgage loans originated in 2007

31 December 2007					31 December 2008					31 December 2009				
	Number	Principal balance	% by number	% by principal balance		Number	Principal balance	% by number	% by principal balance		Number	Principal balance	% by number	% by principal balance
Current	3,034	302,551,787.82	98.51%	98.45%	3,898	418,838,844.36	97.57%	97.70%	3,435	359,834,706.71	96.76%	96.63%		
>0-<= 2 month	36	4,082,113.54	1.17%	1.33%	56	5,320,871.05	1.40%	1.24%	51	6,328,214.93	1.44%	1.70%		
>2-<= 3 month	2	93,315.39	0.06%	0.03%	9	871,078.89	0.23%	0.20%	8	540,193.97	0.23%	0.15%		
>3-<= 6 month	6	285,985.00	0.19%	0.09%	18	1,898,666.84	0.45%	0.44%	22	1,637,766.04	0.62%	0.44%		
>6-<= 12 month	2	306,418.60	0.06%	0.10%	8	722,661.08	0.20%	0.17%	17	1,402,631.92	0.48%	0.38%		
>12 months	0	0	0.00%	0.00%	6	1,063,594.67	0.15%	0.25%	17	2,648,948.75	0.48%	0.71%		
<b>Total</b>	<b>3,080</b>	<b>307,319,620</b>	<b>100.00%</b>	<b>100.00%</b>	<b>3,995</b>	<b>428,715,717</b>	<b>100.00%</b>	<b>100.00%</b>	<b>3,550</b>	<b>372,392,462</b>	<b>100.00%</b>	<b>100.00%</b>		

  

31 December 2010					31 December 2011					31 May 2012				
	Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance
Current	2,976	304,895,864.98	96.06%	96.26%	2,736	260,879,932.16	97.02%	96.81%	7,696	779,942,710.75	98.52%	98.75%		
>0-<= 2 month	49	4,319,642.74	1.58%	1.36%	46	5,578,573.31	1.63%	2.07%	67	5,578,573.31	0.86%	0.71%		
>2-<= 3 month	10	1,193,467.00	0.32%	0.38%	6	465,638.57	0.21%	0.17%	15	1,431,801.29	0.19%	0.18%		
>3-<= 6 month	26	2,519,489.78	0.84%	0.80%	6	394,014.24	0.21%	0.15%	17	1,101,143.58	0.22%	0.14%		
>6-<= 12 month	18	1,596,279.44	0.58%	0.50%	13	1,017,009.39	0.46%	0.38%	4	210,648.52	0.05%	0.03%		
>12 months	19	2,227,214.44	0.61%	0.70%	13	1,143,070.84	0.46%	0.42%	13	1,539,729.54	0.17%	0.19%		
<b>Total</b>	<b>3,098</b>	<b>316,751,958</b>	<b>100.00%</b>	<b>100.00%</b>	<b>2,820</b>	<b>269,478,239</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7,812</b>	<b>789,804,607</b>	<b>100.00%</b>	<b>100.00%</b>		

## Mortgage loans originated in 2008

	31 December 2007				31 December 2008				31 December 2009			
	Number	Principal balance	% by Number	% by principal balance	Number	Principal balance	% by Number	% by principal balance	Number	Principal balance	% by Number	% by principal Balance
Current					1,342	116,212,420.27	98.68%	98.43%	1,221	102,160,584.00	96.37%	97.75%
>0-<= 2 month					11	957,079.97	0.81%	0.81%	30	747,988.68	2.37%	0.72%
>2-<= 3 month					5	711,240.47	0.37%	0.60%	4	421,772.26	0.32%	0.40%
>3-<= 6 month					2	183,139.26	0.15%	0.16%	7	676,874.89	0.55%	0.65%
>6-<= 12 month					0	0	0.00%	0.00%	5	503,449.41	0.39%	0.48%
>12 months					0	0	0.00%	0.00%	0	0	0.00%	0.00%
<b>Total</b>					<b>1,360</b>	<b>118,063,880</b>	<b>100.00%</b>	<b>100.00%</b>	<b>1,267</b>	<b>104,510,669</b>	<b>100.00%</b>	<b>100.00%</b>

  

	31 December 2010				31 December 2011				31 May 2012			
	Number	Principal balance	% by Number	% by principal Balance	Number	Principal balance	% by Number	% by principal balance	Number	Principal balance	% by Number	% by principal balance
Current	1,034	83,026,726.18	93.91%	93.42%	2,247	194,625,948.50	97.10%	97.38%	7,696	779,942,710.75	98.52%	98.63%
>0-<= 2 month	29	2,173,013.57	2.63%	2.45%	39	2,673,909.51	1.69%	1.34%	67	6,523,259.17	0.86%	0.82%
>2-<= 3 month	11	997,902.48	1.00%	1.12%	7	658,573.36	0.30%	0.33%	15	1,431,801.29	0.19%	0.18%
>3-<= 6 month	9	951,034.93	0.82%	1.07%	9	782,150.56	0.39%	0.39%	17	1,101,143.58	0.22%	0.14%
>6-<= 12 month	10	889,050.78	0.91%	1.00%	7	661,695.59	0.30%	0.33%	4	210,648.52	0.05%	0.03%
>12 months	8	834,258.78	0.73%	0.94%	5	470,285.06	0.22%	0.24%	13	1,539,729.54	0.17%	0.19%
<b>Total</b>	<b>1,101</b>	<b>88,871,987</b>	<b>100.00%</b>	<b>100.00%</b>	<b>2,314</b>	<b>199,872,563</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7,812</b>	<b>790,749,293</b>	<b>100.00%</b>	<b>100.00%</b>

## Mortgage loans originated in 2009

31 December 2007					31 December 2008					31 December 2009				
	Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal Balance
Current											0	0	0.00%	0.00%
>0-<= 2 month											0	0	0.00%	0.00%
>2-<= 3 month											0	0	0.00%	0.00%
>3-<= 6 month											0	0	0.00%	0.00%
>6-<= 12 month											0	0	0.00%	0.00%
>12 months											0	0	0.00%	0.00%
<b>Total</b>											0	0	0.00%	0.00%

  

31 December 2010					31 December 2011					31 May 2012				
	Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal Balance		Number	Principal balance	% by Number	% by principal balance
Current	0	0	0.00%	0.00%	1,583	179,050,056.36	98.75%	98.75%	3,212	312,509,801.79	98.74%	98.92%		
>0-<= 2 month	0	0	0.00%	0.00%	18	2,029,334.65	1.12%	1.12%	34	2,722,609.45	1.05%	0.86%		
>2-<= 3 month	0	0	0.00%	0.00%	0	0	0.00%	0.00%	3	287,388.89	0.09%	0.09%		
>3-<= 6 month	0	0	0.00%	0.00%	2	233,731.15	0.12%	0.13%	3	324,518.71	0.09%	0.10%		
>6-<= 12 month	0	0	0.00%	0.00%	0	0	0.00%	0.00%	1	72,074.73	0.03%	0.02%		
>12 months	0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%		
<b>Total</b>	0	0	0.00%	0.00%	1,603	181,313,122	100.00%	100.00%	3,253	315,916,394	100.00%	100.00%		

## Mortgage loans originated in 2010

31 December 2007					31 December 2008					31 December 2009				
	Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance
Current														
>0-<= 2 month														
>2-<= 3 month														
>3-<= 6 month														
>6-<= 12 month														
>12 months														
<b>Total</b>														

  

31 December 2010					31 December 2011					31 May 2012				
	Number	Principal Balance	% by Number	% by Balance		Number	Principal Balance	% by Number	% by Balance		Number	Principal Balance	% by Number	% by Balance
Current	0	0	0.00%	0.00%	3,846	447,896,996.47	99.10%	99.18%	7,326	738,245,206.40	99.11%	99.08%		
>0-<= 2 month	0	0	0.00%	0.00%	25	2,996,413.05	0.64%	0.66%	48	5,210,327.51	0.65%	0.70%		
>2-<= 3 month	0	0	0.00%	0.00%	5	435,851.13	0.13%	0.10%	8	1,029,826.56	0.11%	0.14%		
>3-<= 6 month	0	0	0.00%	0.00%	2	79,417.87	0.05%	0.02%	9	619,380.66	0.12%	0.08%		
>6-<= 12 month	0	0	0.00%	0.00%	3	195,496.58	0.08%	0.04%	1	15,807.13	0.01%	0.00%		
>12 months	0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%		
<b>Total</b>	0	0	0.00%	0.00%	3,881	451,604,175	100.00%	100.00%	7,392	745,120,548	100.00%	100.00%		

## Mortgage loans originated in 2011

31 December 2007				31 December 2008				31 December 2009						
	Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance
Current														
>0-<= 2 month														
>2-<= 3 month														
>3-<= 6 month														
>6-<= 12 month														
>12 months														
<b>Total</b>														
31 December 2010				31 December 2011				31 May 2012						
	Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance
Current					1,229	163,975,963.29	99.43%	99.86%		4,721	543,439,743.44	99.54%	99.52%	
>0-<= 2 month					4	223,237.97	0.32%	0.14%		18	2,212,936.27	0.38%	0.41%	
>2-<= 3 month					3	10,234.28	0.24%	0.01%		3	303,807.06	0.06%	0.06%	
>3-<= 6 month					0	0	0.00%	0.00%		1	78,010.67	0.02%	0.01%	
>6-<= 12 month					0	0	0.00%	0.00%		0	0	0.00%	0.00%	
>12 months					0	0	0.00%	0.00%		0	0	0.00%	0.00%	
<b>Total</b>					1,236	164,209,436	100.00%	100.00%		4,743	546,034,497	100.00%	100.00%	



## Mortgage loans originated in 2012

31 December 2007					31 December 2008					31 December 2009				
	Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance
Current														
>0-<= 2 month														
>2-<= 3 month														
>3-<= 6 month														
>6-<= 12 month														
>12 months														
<b>Total</b>														
31 December 2010					31 December 2011					31 May 2012				
	Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance		Number	Principal balance	% by Number	% by principal balance
Current											0	0	0.00%	0.00%
>0-<= 2 month											0	0	0.00%	0.00%
>2-<= 3 month											0	0	0.00%	0.00%
>3-<= 6 month											0	0	0.00%	0.00%
>6-<= 12 month											0	0	0.00%	0.00%
>12 months											0	0	0.00%	0.00%
<b>Total</b>											0	0	0.00%	0.00%

### **Use of proceeds**

The gross proceeds from the issue of the series 2012-2 notes will (after exchanging, where applicable, the proceeds of the notes for sterling, calculated by reference to the applicable specified currency exchange rate) be used by the issuer to make available loan tranches to Funding pursuant to the terms of the global intercompany loan agreement. Funding will use the gross proceeds of each loan tranche to make an initial contribution to the mortgages trustee.

The fees (including selling and underwriting commissions) and expenses of the issuer will be approximately £3,857,298 and will be funded by the issuer from the proceeds of the start-up loan to be made on the closing date specified herein.

### **Interests of natural and legal persons involved in the issue**

Not Applicable

### **Listing and admission to trading application**

These final terms comprise the final terms required for the notes described herein to be admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's regulated market pursuant to the 20 billion residential mortgage backed note programme of Lanark Master Issuer plc.

### **Responsibility**

The issuer accepts responsibility for the information contained in these final terms.

Signed on behalf of the issuer:

By:

**Duly authorised**