Supplement Number 1 dated 8 June 2011
to the Base Prospectus dated 1 December 2010

CLYDESDALE BANK PLC

(incorporated with limited liability in Scotland)

€5 billion
Global Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and principal by
Clydesdale Covered Bonds No. 2 LLP

(a limited liability partnership established under the laws of England and Wales)

This base prospectus supplement (the "Supplement") is supplemental to, forms part of and must be read in conjunction with the base prospectus dated 1 December 2010 (together, the "Base Prospectus"), prepared by Clydesdale Bank PLC (the "Issuer" or "Clydesdale") with respect to its €5 billion Global Covered Bond Programme (the "Programme") unconditionally and irrevocably guaranteed as to payments by Clydesdale Covered Bonds No. 2 LLP (the "LLP"). This Supplement constitutes a supplementary prospectus in respect of the Base Prospectus for the Issuer for the purposes of Section 87G of the Financial Services and Markets Act 2000.

Terms defined in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement. The Supplement is supplemental to, and shall be read in conjunction with, the Base Prospectus and other supplements to the Base Prospectus issued by the Issuer.

This Supplement has been approved by the United Kingdom Financial Services Authority (the "FSA"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "Prospectus Directive") and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

This Supplement has been prepared in order to (i) update disclosure with respect to the Rating Agencies and Regulation (EC) No. 1060/2009 to reflect recent developments; (ii) incorporate certain updates to the documents and the financial information incorporated by reference; (iii) add new risk factors entitled "Strategic Risk", "failure of risk management frameworks and processes" and "Changes to rating methodology and rating criteria may adversely affect the then current ratings of the Covered Bonds" and amend the risk factors entitled "Capital Risk", "Funding and Liquidity Risk", "Credit Rating Risk", "Financial Services Policy and Regulatory Risk of the Issuer", "New Bank Levy", "Basel III", "Risks relating to the Regulated Covered Bonds Regulations 2008", "EU initiative on Mortgage Credit", "The Banking Act 2009", "Insolvency Proceedings and subordination provisions" and "Pensions Act 2004" to reflect recent developments; (iv) amend the section under "The Issuer – Administrative, Management and Supervisory Bodies" to reflect recent changes; (v) amend the section under the heading "Description of the RCB Regulations" to reflect recent developments; (vi) amend the section under the heading "Payment Protection Insurance" in the description of the Issuer to reflect recent developments (vii) include disclosure of amendments due to be made to the Collection Account Declaration of Trust; and (viii) update disclosure in the "United Kingdom Taxation - Provision of information" section.
IMPORTANT NOTICES

The Issuer and the LLP each accept responsibility for the information contained in this Supplement and each declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Covered Bonds issued under the Programme has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

If documents which are incorporated by reference to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference to the Supplement.

Investors should be aware of their rights under Section 87Q(4) of the Financial Services and Markets Act 2000.
The purposes of this Supplement are:

1. **To delete the last paragraph on page i of the Base Prospectus dated 1 December 2010 and replace it with the following paragraph:**

   "The Covered Bonds issued under the Programme are expected on issue to be assigned an "Aaa" rating by Moody's Investors Service Limited and an "AAA" rating by Fitch Ratings Ltd. Each of Moody's Investors Service Limited and Fitch Ratings Limited is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "CRA Regulation"). Each of the Rating Agencies operated in the European Community before 7 June 2010 and has submitted an application for registration in accordance with the CRA Regulation and such application for registration has not been refused.

   The ratings assigned by Fitch address the likelihood of (a) timely payment of interest due to the Covered Bondholders on each Interest Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date of the relevant Series of Covered Bonds. The ratings assigned by Moody's address the expected loss to a Covered Bondholder in proportion to the initial principal amount of the Covered Bonds held by a Covered Bondholder by the Final Maturity Date.

   A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency."

2. **To amend the section entitled "Documents Incorporated by Reference" on page 2 of the Base Prospectus dated 1 December 2010 by deleting paragraph (b) in its entirety and inserting the following new paragraphs (b) and (c):**

   "(b) Clydesdale's interim reports and financial statements for the six month period ended 31 March 2011; and

   (c) the memorandum and articles of association of Clydesdale,"

3. **To delete the paragraphs entitled "Ratings" on page 15 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:**

   "Each Series of Covered Bonds to be issued under the Programme will, unless otherwise specified in the applicable Final Terms, be rated "Aaa" by Moody's and "AAA" by Fitch. Each Series of Covered Bonds is expected on issue to be assigned a rating by each Rating Agency. The ratings expected to be assigned to each Series of Covered Bonds will be stated in the Final Terms for that Series of Covered Bonds.

   Each of Moody's Investors Service Limited and Fitch Ratings Limited is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "CRA Regulation"). Each of the Rating Agencies operated in the European Community before 7 June 2010 and has submitted an application for registration in accordance with the CRA Regulation and such application for registration has not been refused.

   The ratings assigned by Fitch address the likelihood of (a) timely payment of interest due to the Covered Bondholders on each Interest Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date of the relevant Series of Covered Bonds. The ratings assigned by Moody's address the expected loss to a Covered Bondholder in proportion to the initial principal amount of the Covered Bonds held by a Covered Bondholder by the Final Maturity Date.

   A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency."

- 3 -
4. To insert the following paragraph after the first paragraph of the sub-section entitled "Capital Risk" on page 19 of the Base Prospectus dated 1 December 2010:

"As mentioned in “Regulatory Considerations – Financial Services Policy and Regulatory Risk of the Issuer”, there are proposed changes to minimum required levels of capital that the Issuer, or other members of the NAB Group, are required to hold which, when fully implemented, may adversely impact the Issuer’s financial performance and position."

5. To delete the first paragraph of the sub-section entitled "Funding and Liquidity Risk" on page 19 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"Funding risk represents the risk that the Issuer or the NAB Group are unable to raise funding to support its strategic plans and objectives (refinancing and core asset growth). The Issuer and the NAB Group rely on regular access to the capital markets to fund its operations. Any dislocation in global capital markets could adversely affect the Issuer's ability to access funds (including at a reasonable cost) to meet its strategic plans and objectives and impact the Issuer's financial performance and position.

As mentioned in "Regulatory Considerations – Financial Services Policy and Regulatory Risk of the Issuer", there are proposed changes to minimum required levels of liquidity that the Issuer, or other members of the NAB Group, are required to hold which, when fully implemented, may adversely impact the Issuer’s financial performance and position."

6. To insert the following paragraph after the first paragraph of the sub-section entitled "Credit Rating Risk" on page 20 of the Base Prospectus dated 1 December 2010:

"On 24 May 2011, the ratings firm Moody’s Investors Service Limited placed the Issuer’s long-term senior unsecured debt and deposit ratings on review for possible downgrade. This followed Moody’s previous announcement that it would reassess the levels of systemic support incorporated in the senior debt ratings of UK financial institutions. Additionally, both Standard & Poors and Fitch have recently announced reviews of their ratings methodology."

7. To insert the following new risk factor after the risk factor entitled "Reputation Risk" on page 20 of the Base Prospectus dated 1 December 2010:

"Strategic risk

There is a risk that the assumptions on which the Issuer’s and the NAB Group’s strategic direction is based are incorrect, the risks generated exceed expected and approved appetite or that execution of the Issuer’s or the NAB Group’s strategic initiatives proves ineffective, all of which could adversely impact the Issuer’s financial performance and position."

8. To insert the following new risk factor after the risk factor entitled "General Acquisition and Divestment Risk” on page 20 of the Base Prospectus dated 1 December 2010:

"Failure of risk management frameworks and processes

The Issuer’s approach to identifying, assessing, measuring, managing and reporting its risks is subject to the successful application of a number of risk and control frameworks. Should these frameworks, or the judgement of the people involved in their application, fail this could have an adverse impact on the Issuer’s financial performance and position."

9. To insert the following new risk factor after the risk factor entitled "Rating Agency Confirmations” and before the risk factor entitled "The Bond Trustee and the Security Trustee may agree to modifications to the Programme Documents without, respectively, the
Covered Bondholders or other Secured Creditors’ prior consent’ on page 28 of the Base Prospectus dated 1 December 2010:

"Changes to rating methodology and rating criteria may adversely affect the then current ratings of the Covered Bonds

At any time any Rating Agency may revise its relevant rating methodology or revise its current ratings criteria with the result that, among other things, any rating assigned to the Covered Bonds may be lowered and/or in order to comply with any such revised criteria or rating methodology, amendments may need to be made to the Programme Documents. Any amendments to the Programme Documents to comply with a Rating Agency's revised rating methodology or ratings criteria would either have to be agreed by: (a) the Bond Trustee exercising its discretion in accordance with the terms of the Trust Deed and the Security Trustee exercising its discretion in accordance with the terms of the Deed of Charge (see "The Bond Trustee and the Security Trustee may agree to modifications to the Programme Documents without, respectively the holders of the Covered Bonds’ or Secured Creditors’ prior consent” below); or (b) an Extraordinary Resolution of the Covered Bondholders of all Series of outstanding Covered Bonds. In this regard, Covered Bondholders should note the provisions of Condition 14 (Meetings of Covered Bondholders, Modification, Waiver and Substitution).

For the avoidance of doubt, neither the Issuer nor the LLP (nor the Cash Manager) will be obliged, following a change in rating methodology by any Rating Agency, to, inter alia, select a reduced Asset Percentage or to amend any of the Programme Documents to maintain the then ratings of the Covered Bonds."

10. To insert the following paragraphs after the third paragraph of the sub-section entitled "Financial Services Policy and Regulatory Risk of the Issuer" on page 42 of the Base Prospectus dated 1 December 2010:

"The FSA’s current responsibilities are to be reallocated between the Prudential Regulatory Authority (a subsidiary of the Bank of England) and a new Consumer Protection and Markets Authority by the end of 2012. The Independent Commission on Banking has been charged by the UK Government with reviewing the UK banking system. Its remit includes looking at reducing systemic risk, mitigating moral hazard, reducing the likelihood and impact of bank failure and competition issues. Its findings and recommendations are expected by September 2011.

The UK’s Independent Commission on Banking ("ICB") was established by the UK government in June 2010 to consider reforms to the UK banking sector in order to promote financial stability and competition. The ICB is expected to deliver its final report in September 2011. In its interim report released on 11 April 2011, the ICB has suggested a number of preliminary proposals including: increasing the required baseline capital ratio for global systemically important banks and UK retail banking operations to 10%; ring-fencing of a bank’s retail operations; and removing certain barriers to entry for potential new retail banks in the UK market. The ICB may cause changes that adversely impact the financial performance and position of the Issuer."

11. To delete the final paragraph of the sub-section entitled "Financial Services Policy and Regulatory Risk of the Issuer" on page 42 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"The International Accounting Standards Board ("IASB") are in the process of making changes to the rules which govern the accounting for financial instruments, consolidation of controlled entities, insurance accounting and leases. Exposure drafts have been issued which, after consideration of feedback, may be finalised as accounting standards. There is no certainty as to the effective date for these changes, and until such time as the accounting standards are issued, whether these changes will have a significant impact on Clydesdale’s financial performance.”
12. To delete the section under the heading "New Bank Levy" on page 43 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"A bank levy has been announced by the UK government and, if the current draft legislation becomes law, will be deemed to have applied as from 1 January 2011. The levy will apply to, *inter alia*, certain banks and building societies and UK operations of foreign banks. The Issuer currently estimates that the levy will be approximately £4 million for the 9 months to 30 September 2011 rising to approximately £6 million in a full accounting year. As the levy will be charged each year by reference to balance sheets at the end of the relevant chargeable period, the amount payable may differ from that currently estimated."

13. To delete the section under the heading "Basel III" on page 43 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"In December 2009, the Basel Committee on Banking Supervision put forward proposals for a capital and liquidity reform package ("Basel III") which may result in some fundamental changes to regulatory capital and liquidity standards at the European level. Proposals at this stage include changes to the definition of ‘capital’, new definitions for the calculation of counterparty credit risk and leverage ratios additional capital buffers and development of a global liquidity standard.

Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general, and the European Commission's corresponding proposals to implement the changes (through amendments to the Capital Requirements Directive known as "CRD IV") are expected to be presented in the second or third quarter of 2011. The changes approved by the Basel Committee may have an impact on incentives to hold the Covered Bonds for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Covered Bonds.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Covered Bonds and as to the consequences to, and effect on, such investors of any of the Basel III changes described above and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise."

14. To delete the second paragraph under the heading of "The Banking Act 2009" on page 43 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"The Act enables the Authorities, in specified circumstances, to: (i) take a bank or a bank holding company (irrespective of the financial condition of the bank holding company) into temporary public ownership ("TPO"); (ii) transfer all or part of the business of a bank to a private sector purchaser ("PSP"); or (iii) transfer all or part of the business of a bank to a bridge bank owned by the Bank of England ("Bridge Bank"). The SRR also comprises a new insolvency procedure and a new administration procedure, each of specific application to banks. In addition, it should be noted that the Investment Bank Special Administration Regulations 2011 provide for modifications to the bank insolvency and bank administration procedures in certain circumstances where the UK deposit taking institution is also an investment bank."

15. To delete the section under the heading of "EU initiative on Mortgage Credit" on page 49 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"The European Commission published a legislative proposal on credit agreements relating to residential property on 31 March 2011. The proposed Directive will introduce certain requirements for the advertising of mortgage credit, ensure that all institutions involved in the origination and distribution of mortgage credit are adequately regulated and supervised, establish principles for the authorisation,
registration and passporting of credit intermediaries, ensure that lenders benefit from access to information in credit databases on a non-discriminatory basis increase information requirements of lenders, harmonise annual percentage rate of charge in line with that set by the Consumer Credit Directive and introduce a European Standardised Information Sheet to provide information to consumers.

As at the date of this Base Prospectus, the proposed Directive is yet to be adopted by the European Parliament and the Council and implemented at national level. Until the Directive is adopted at European level and implemented at national level, it is not certain what effect such proposals would have on the Mortgage Loans, the Seller, the LLP and/or the Servicer and their respective businesses and operations, which may affect the Issuer's ability to make payments in full on the Covered Bonds when due."

16. **To delete the section under the heading of "Insolvency Proceedings and subordination provisions" on page 51 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:**

"The validity of contractual priorities of payments such as those contemplated in this transaction has been challenged in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap counterparty) and have considered whether such payment priorities breach the "anti-deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Court of Appeal in *Perpetual Trustee Co Ltd & Anor v BNY Corporate Trustee Services Ltd & Ors* [2009] EWCA Civ 1160), dismissed this argument and upheld the validity of similar priorities of payment, stating that the anti-deprivation principle was not breached by such provisions.

In parallel proceedings in New York, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.'s ("LBSF") motion for summary judgement on the basis that the effect was that the provisions do infringe the anti-deprivation principle in a U.S. insolvency. Judge Peck acknowledged that this resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". The English Supreme Court granted leave to appeal the Court of Appeal's decision. In New York however, whilst leave to appeal was granted, the case was settled before an appeal was heard. Notwithstanding the New York settlement, the appeal by one of the appellants, Lehman Brothers Special Financing Inc., against two of the respondents, Belmont Park Investments Pty and BNY Corporate Trustee Services Ltd, in the English courts was heard in early March 2011 and judgment is awaited. Therefore concerns still remain that the English and U.S. courts will diverge in their approach which, in the case of an unfavourable decision either in England or New York, may adversely affect the Issuer's ability to make payments on the Covered Bonds. Given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies."

17. **To delete the fifth paragraph under the heading of "Pensions Act 2004" on page 53 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:**

"It should be noted that, following the decision of the High Court in *Bloom & Ors v The Pensions Regulator (Nortel, Re)* [2010] EWHC 3010 (Ch), Briggs J held that contribution notices and financial support directions issued after the commencement of a liquidation or an administration (by the Pensions Regulator pursuant to its "moral hazard" powers) should be treated by the companies in liquidation/administration as a liquidation/ administration expense, not an ordinary unsecured debt. This means that any such payments will be required to be made before any distributions to unsecured creditors. The matter is, however, not yet settled as permission has been granted for the case to be appealed on an expedited basis to the Court of Appeal and Briggs J suggested that the parties may want to seek an amendment to the existing legislation."
If a contribution notice or financial support direction were to be served on the LLP this could adversely affect the interests of the Covered Bondholders.

18. **To insert the following paragraph as a new penultimate paragraph under the heading of "Administrative, Management and Supervisory Bodies" on page 58 of the Base Prospectus dated 1 December 2010:**

"It was announced on 15 March 2011 that Lynne Peacock intends to step down as UK Chief Executive Officer in July 2011. David Thorburn has been appointed CEO designate, subject to regulatory approval, from 1 July 2011."

19. **To delete the section under the heading of "Payment Protection Insurance" on page 60 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:**

"Following the investigation by the UK Competition Commission into the sale of Payment Protection Insurance ("PPI"), a report was published on 29 January 2009 which concluded that a lack of competition existed in the UK market as a result of various factors, including lack of transparency and barriers to entry for stand-alone providers. A range of remedies to address the issue have been imposed. On 10 August 2010, the FSA issued a Policy Statement which amends the DISP (Dispute Resolution: Complaints) rules in the FSA Sourcebook for the handling of such complaints. In October 2010, the British Bankers’ Association launched a judicial review of the FSA on the basis that the Policy Statement applies incorrect standards for the management of PPI sales complaints, including retrospective application of rules with higher standards than those in place at the time of sale. These proceedings were also against the Financial Ombudsman Service which seeks to implement the same standards for the resolution of complaints referred to it.

The judgment on the judicial review proceedings was announced on 20 April 2011 in favour of the FSA and the Financial Ombudsman Service. On 9 May 2011, the British Bankers’ Association announced that it will not participate in any application for permission to appeal against the judgment. The Issuer has taken a provision to cover the cost of future redress and administration of £120 million. While important aspects of the handling of PPI complaints, and therefore the cost of doing so, were not as at the date of this Base Prospectus certain, the provision reflects an assessment of future PPI claims based upon estimates, statistical analysis and assumptions in relation to a wide range of uncertain factors, including how many PPI claims will be made against Clydesdale, for what value and the prospects of mis-selling being established in relation to those claims. Clydesdale will continue to work to resolve PPI claims promptly and fairly."

20. **To insert the following paragraph as a new penultimate paragraph under the heading of "Risks relating to the Regulated Covered Bonds Regulations 2008" on page 82 of the Base Prospectus dated 1 December 2010:**

"In April 2011, HM Treasury and the FSA published a joint consultation paper entitled "Review of the UK's Regulatory Framework for Covered Bonds". The deadline for the responses to the consultation is 1 July 2011, but there is currently no clarity on the scope and timing of the proposed measures. The proposed measures, when implemented, may impact the existing regulated covered bond framework."

21. **To insert the following as a new section after the section entitled "The Bond Trustee and the Security Trustee: powers responsibilities and liabilities – Retirement and removal" on page 105 of the Base Prospectus dated 1 December 2010:**

"Collection Account Declaration of Trust

The Collection Account Declaration of Trust was amended and restated on the Programme Date to create a trust over amounts held in the Collection Accounts by the Seller in favour of itself and for the LLP.
It is anticipated that the Collection Account Declaration of Trust will be further amended and restated so that, in the event that the Collection Account Bank ceases to have a rating equal to or greater than the Collection Account Bank Minimum Rating, then the Collection Account Bank shall, at its own expense, either (i) transfer the Collection Accounts to an Authorised Institution satisfying the Collection Account Bank Minimum Rating or (ii) obtain a guarantee (in accordance with any applicable rating agency criteria) of the Collection Account Bank's obligations from a financial institution satisfying the Collection Account Bank Minimum Rating. In the event that (i) and (ii) above cannot be satisfied, the Collection Account Bank shall use reasonable commercial efforts to transfer the Collection Accounts to any other Authorised Institution or procure a guarantee from another financial institution, provided that such transfer or guarantee would not cause the then current ratings of the Notes to be adversely affected."

22. To delete the second paragraph of the section under the heading "HM Treasury Consultation on Mortgage Regulation" on page 140 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"In its follow-up paper "Mortgage regulation: summary of responses", published in March 2010, the Treasury acknowledged an industry concern that the proposed regulated activity of managing Regulated Mortgage Contracts was drawn too widely and could potentially extend to include the activities of special purpose vehicles (such as the LLP) used in the wholesale mortgage markets. With regards to buy-to-let mortgages, the Treasury confirmed its intentions to introduce regulation of buy-to-let mortgages, but indicated that it was reconsidering the scope and form of the regulation to address the issues raised during the consultation process.

On 26 January 2011, the Treasury announced revised proposals on the sale of mortgage books which suggested that it had decided not to proceed with the regulation of buy-to-let mortgages, as originally outlined in the November 2009 consultation. In a related impact assessment, the Treasury indicated that rather than creating a new regulated activity of 'managing' a Regulated Mortgage Contract, the definition of the existing regulated activity of 'administering' Regulated Mortgage Contracts will be extended to cover unregulated mortgage holders who exercise specified rights (such as changing interest rates) under mortgage contracts. This is considered to be the most effective way to ensure consumer protection without affecting lenders' ability to securitise their mortgage loans. However, until the statutory instruments introducing the Treasury's proposals are published, it is not certain what effect the expansion of the regulated activity of administering Regulated Mortgage Contracts would have on the Seller, the LLP and/or the Servicer and their respective business and operations. The statutory instruments are expected to be published during the course of 2011."

23. To insert the following paragraph as a new penultimate paragraph at the end of the section under the heading "Description of the RCB Regulations" on page 143 of the Base Prospectus dated 1 December 2010:

"In April 2011, HM Treasury and the FSA published a joint consultation paper entitled "Review of the UK's Regulatory Framework for Covered Bonds". The deadline for the responses to the consultation is 1 July 2011, but there is currently no clarity on the scope and timing of the proposed measures. The proposed measures, when implemented, may impact the existing regulated covered bond framework."

24. To delete the third paragraph of the section under the heading "Provision of information" on page 187 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Covered Bonds which constitute "deeply discounted securities" for the purposes of section 18 of the Taxes Management Act 1970 (although in this regard HM Revenue & Customs
published guidance for the year 2011/2012 indicates that HM Revenue & Customs will not exercise its power to obtain information in relation to such payments in that year.

25. To insert the following new item (iii) under the heading of "Documents Available" on page 193 of the Base Prospectus dated 1 December 2010 and renumber items (iii) to (viii) as (iv) to (ix) accordingly:

"(iii) Clydesdale’s interim Reports and Financial Statements for the six month period ended 31 March 2011;"

26. To delete paragraph 2 of the section "Part B – Other Information" on page 205 of the Base Prospectus dated 1 December 2010 in its entirety and replace it with the following:

"Ratings:

"The Covered Bonds to be issued have been rated [insert details] by [insert details].

[[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]" 

[[Insert credit rating agency] is established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended).]" 

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 (as amended).]" 

[[Insert credit rating agency] is not established in the European Union and is endorsed by a credit rating agency [registered/that has applied for registration] under Regulation (EC) No 1060/2009 (as amended).]" 

[[Insert credit rating agency] is not established in the European Union and [is certified in accordance with Regulation (EC) No 1060/2009/is applying to be certified in accordance with Regulation (EC) No 1060/2009 (as amended) but has not yet been certified].]

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.

[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]."

27. To add the following definitions, in alphabetical order, to the section entitled "Glossary" starting on page 221 of the Base Prospectus dated 1 December 2010:

"Collection Account Bank Minimum Rating" (a) a short- a short-term unsecured, unsubordinated and unguaranteed debt rating of at least P-1 by Moody's;"
(b) a short-term unsecured, unsubordinated and unguaranteed debt rating of at least P-1 by Fitch; and

(c) a short-term unsecured, unsubordinated and unguaranteed debt rating of at least A-2 by S&P and a long-term unsecured, unsubordinated and unguaranteed debt rating of at least BBB by S&P (or, where the relevant entity does not have a short-term unsecured, unsubordinated and unguaranteed debt rating of at least A-2 by S&P, a long-term unsecured, unsubordinated and unguaranteed debt rating of at least BBB+ by S&P);

"CRA Regulations" Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended);

"S&P" Standard & Poor's Credit Market Services Europe Limited;

8 June 2011