

LEEK PROGRAMME

June 2009

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Leek Programme Executive Summary

Sponsors

- Founded in 1856, Britannia Building Society is Britain's second largest mutually owned society, with total consolidated assets of £37.2 billion (Dec 08) and rated A2/A- by Moody's and Fitch respectively
- **Origination**
 - Platform, Britannia's wholly owned subsidiary, has considerable experience in the non-conforming mortgage market, and has better credit performance relative to its peer group, as demonstrated by the Fitch UK Non-Conforming Index
- **Servicing**
 - Britannia's wholly owned subsidiary, WMS, to which servicing is delegated, has considerable experience with over £11 billion of assets under management
 - Britannia guarantees the servicing and cash administration obligations for all Leek deals in line with the relevant administration and mortgage sale agreements
- After the proposed merger between Britannia and Co-operative Bank PLC, Platform's and WMS's responsibilities to the Leek deals will remain as before, with those entities being subsidiaries of Co-operative Bank PLC. The guarantee provided by Britannia will also transfer to become an obligation of Co-operative Bank PLC¹

Collateral and structure

- The Leek programme is structured as follows:
 - No pre-funding
 - Redemption is sequential with no Interest Only Strips, no MERCs and no available funds cap
 - Provisioning mechanism can capture excess spread prior to losses
 - All representations and warranties provided by Britannia subsidiaries are backed by Britannia
 - All notes are rated by S&P, Moody's and Fitch

Source: ¹ Britannia and Section 97(6) of the Building Society Act 1986

Repeat issuance in the RMBS market

Britannia sponsored programmes have issued regularly in the RMBS market

- Quarterly reporting is available on Bloomberg and Britannia Treasury Services' website: www.britannia.co.uk/bts
- PHL 1 and PHL 2 were securitisations undertaken by Platform prior to its acquisition by Britannia in 2001
- Leek 20, 21 and 22 were retained by Britannia

Transactions issued out of the Leek Finance and Platform Home Loan programmes

Programme	Name	Date issued	Registration	Currencies of notes issued	Amount issued (£ equivalent)	Amount outstanding (£ equivalent) ²
PHL	PHL 1 ¹	December 6, 1999	Reg S	£	£297mm	repaid
	PHL 2 ¹	September 27, 2000	Reg S	£	£210mm	repaid
Leek Finance	Leek Finance 1 ¹	December 19, 1996	Reg S	£	£795mm	repaid
	Leek Finance 2 ¹	May 14, 1999	Reg S	£	£173mm	repaid
	Leek Finance 3 ¹	July 25, 2001	Reg S	£	£312mm	repaid
	Leek Finance 7 ¹	April 17, 2002	Reg S	£	£389mm	repaid
	Leek Finance 10 ¹	May 1, 2003	Reg S	£/US\$	£375mm	repaid
	Leek Finance 11 ¹	October 23, 2003	Reg S/144A	£/€/US\$	£375mm	repaid
	Leek Finance 12	March 30, 2004	Reg S/144A	£/€/US\$	£704mm	£74mm
	Leek Finance 14	October 28, 2004	Reg S/144A	£/€/US\$	£1,046mm	£168mm
	Leek Finance 15	April 27, 2005	Reg S/144A	£/€/US\$	£1,080mm	£282mm
	Leek Finance 16	October 25, 2005	Reg S/144A	£/€/US\$	£961mm	£492mm
	Leek Finance 17	April 12, 2006	Reg S/144A	£/€/US\$	£1,168mm	£359mm
	Leek Finance 18	October 26, 2006	Reg S/144A	£/€/US\$	£1,048mm	£569mm
	Leek Finance 19	April 17, 2007	Reg S/144A	£/€/US\$	£833mm	£681mm
	Leek Finance 20 ³	June 30, 2008	Reg S	£	£1,489mm	£1,401mm
Leek Finance 21 ³	September 26, 2008	Reg S	£	£1,313mm	£1,215mm	
Leek Finance 22 ³	January 29, 2009	Reg S	£	£501mm	£501mm	
Dovedale	Dovedale Finance 1	July 4, 2006	Reg S	£/€	£102mm	£79mm

Optional Redemption
Notice Served for 22
June 2009

¹ Transactions called

² Outstanding balance as reported at March 31, 2009

³ Retained Deals

£12bn equivalent has been issued through these three securitisation programmes

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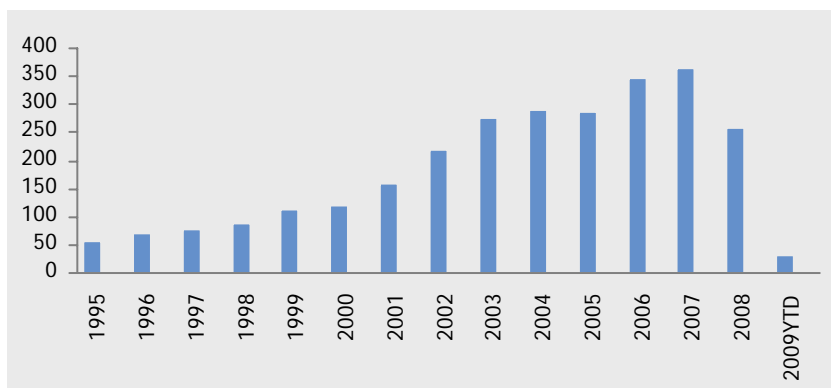
General overview of UK housing and mortgage markets

Housing market

- Regulation of UK mortgages by the FSA was introduced at the start of November 2004
- Gross mortgage advances totalled £257.6 billion in 2008
- There were 1.8 million property transactions in the UK during 2007 and 0.9million property transactions during 2008 (please note that from 2008, HMRC only counts property transactions with value £40,000 or above)
- House prices fell by 19% between December 2007 and December 2008, according to the Halifax HPI (non-seasonally adjusted) and are 21% lower compared to two years ago (April 2007 to April 2009)

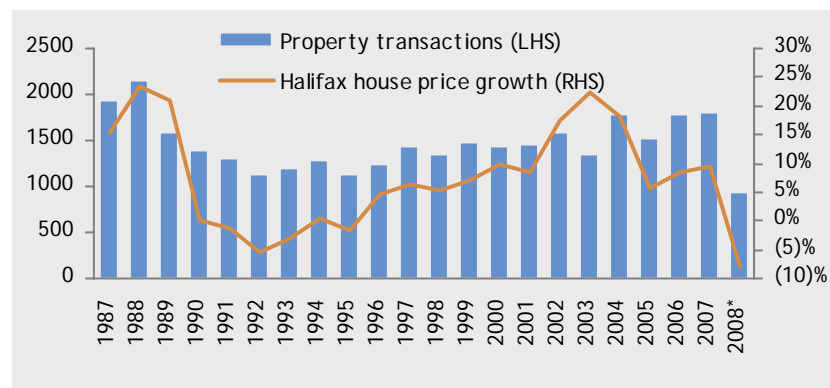
Source: CML, Department of Communities and Local Government, Halifax

Growth in the UK mortgage market (gross advances in £ billion)



Source: CML (as at 31 March 2009)

Transactions in the UK housing market (thousands)



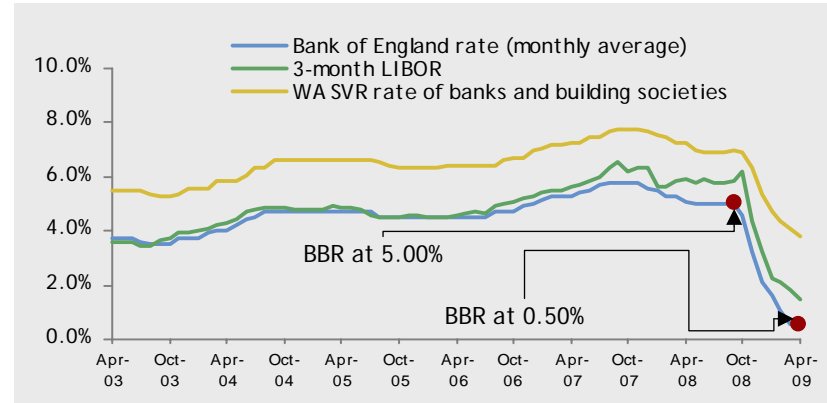
Source: Department of Communities and Local Government, Halifax
 *From 2008, HMRC only counts property transactions with value £40,000 or above

Mortgage market fundamentals

Commentary

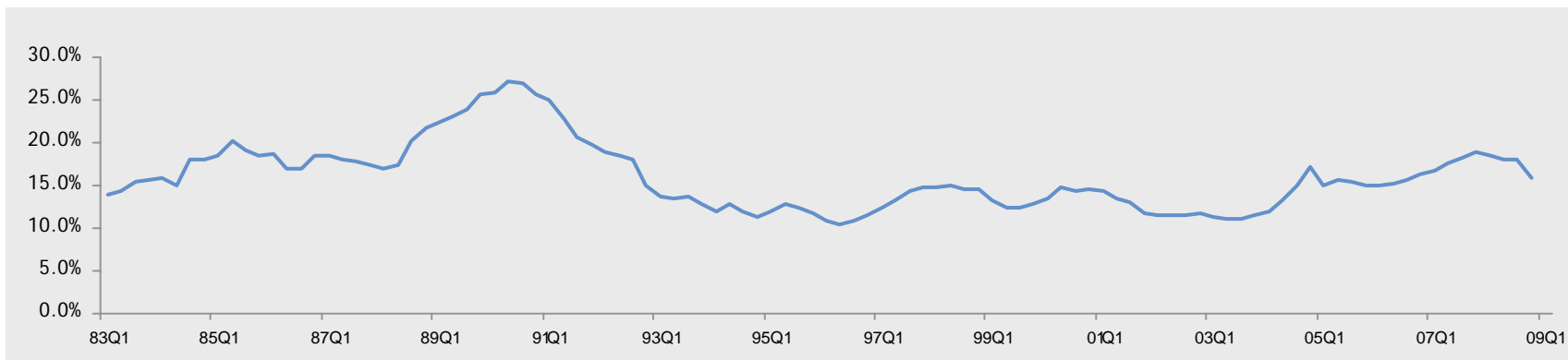
- Since August 2007, the Bank of England has made nine rate cuts to the Bank of England benchmark rate, currently at 0.50%
- Platform loans reference BBR or LIBOR (following reversion) - so any reductions in those rates are automatically passed on
- In the Leek 19 pool, for example, the fixed rate loans all have reversionary rates which are currently below the original fixed rates (weighted average rate is 2.6% lower)¹

UK Interest Rates



Source: Bank of England

Mortgage payments as % of gross income

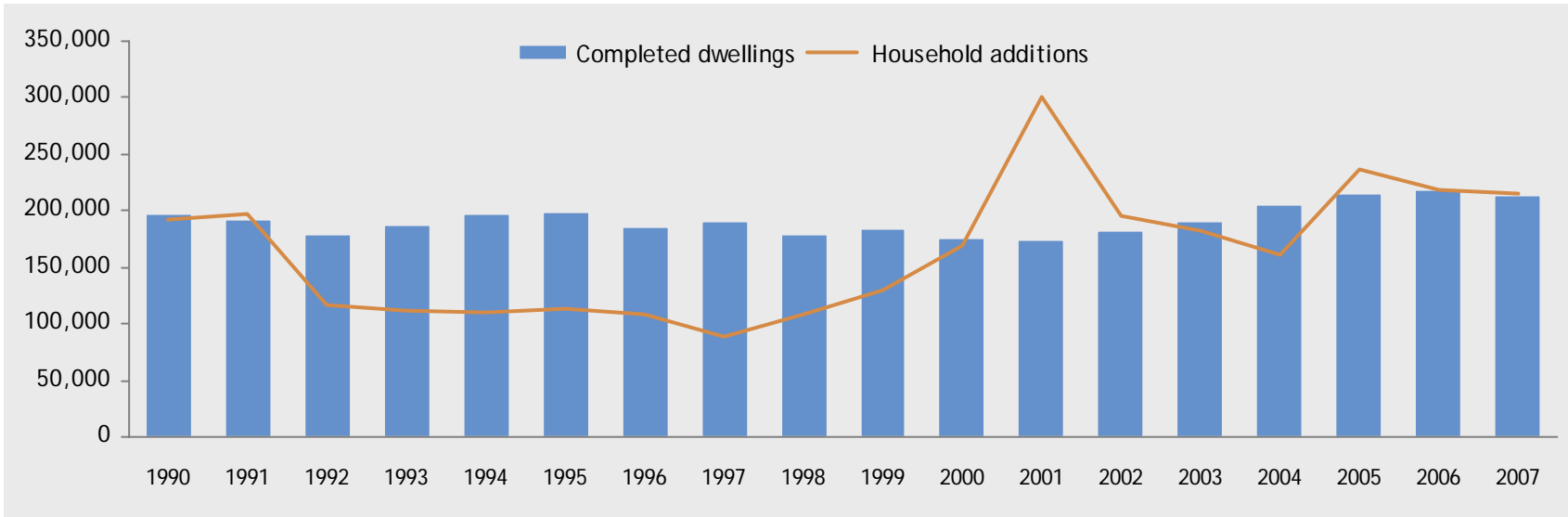


Source: CML

¹ Based on pool tape as per Leek 19 offering circular, assuming Libor of 2.12% and Base of 0.50%. 52% of loans were fixed rate loans (by balance)

Household Formation vs Property Stock

Completed dwellings and Household additions



Source: Department of Communities and Local Government

Completed dwellings and Household additions Commentary

- Between 1998 and 2007, England accommodated an extra c1.92mm households or 192k new families per year
- Annual property addition was c148k on average over the same period

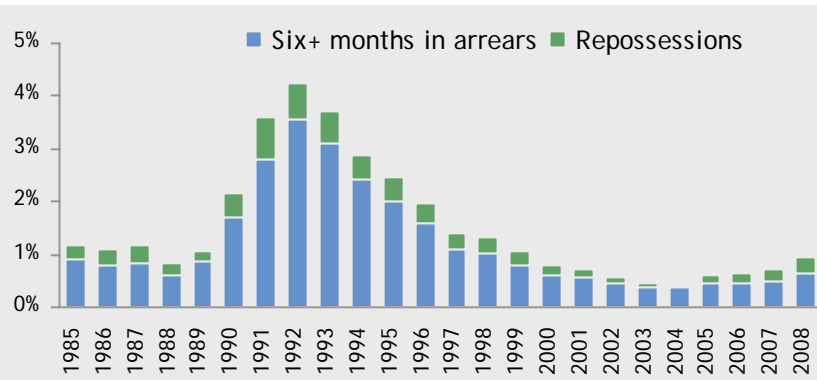
Source: Department of Communities and Local Government, JPM Research

UK mortgage market - Arrears and Loss Levels

Delinquency Rates Rise Across All Transactions

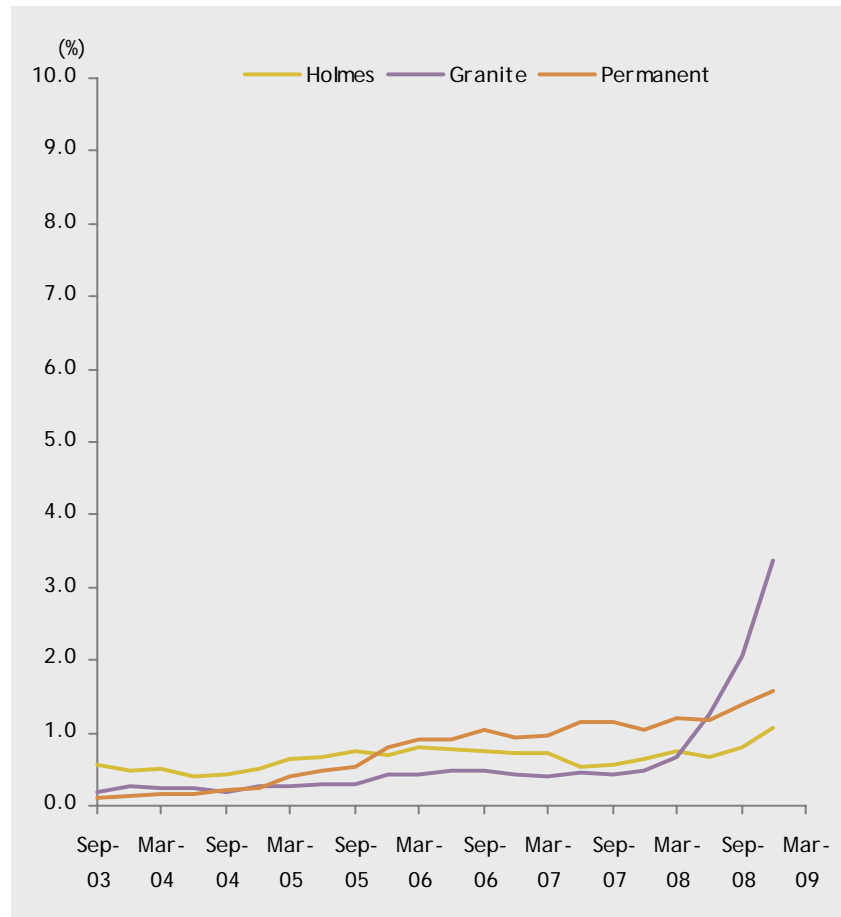
- Increase in arrears and repossessions during 2007 and 2008 but levels remain historically low compared to previous two decades (source: CML)
- Repossessions have gradually increased and to 29 bps in 2008 of total outstanding mortgage balances
- Losses to date in prime UK master trusts have been covered by excess spread

UK Arrears and repossessions



Source: CML

Prime Master Trust Arrears Levels (3 months+)

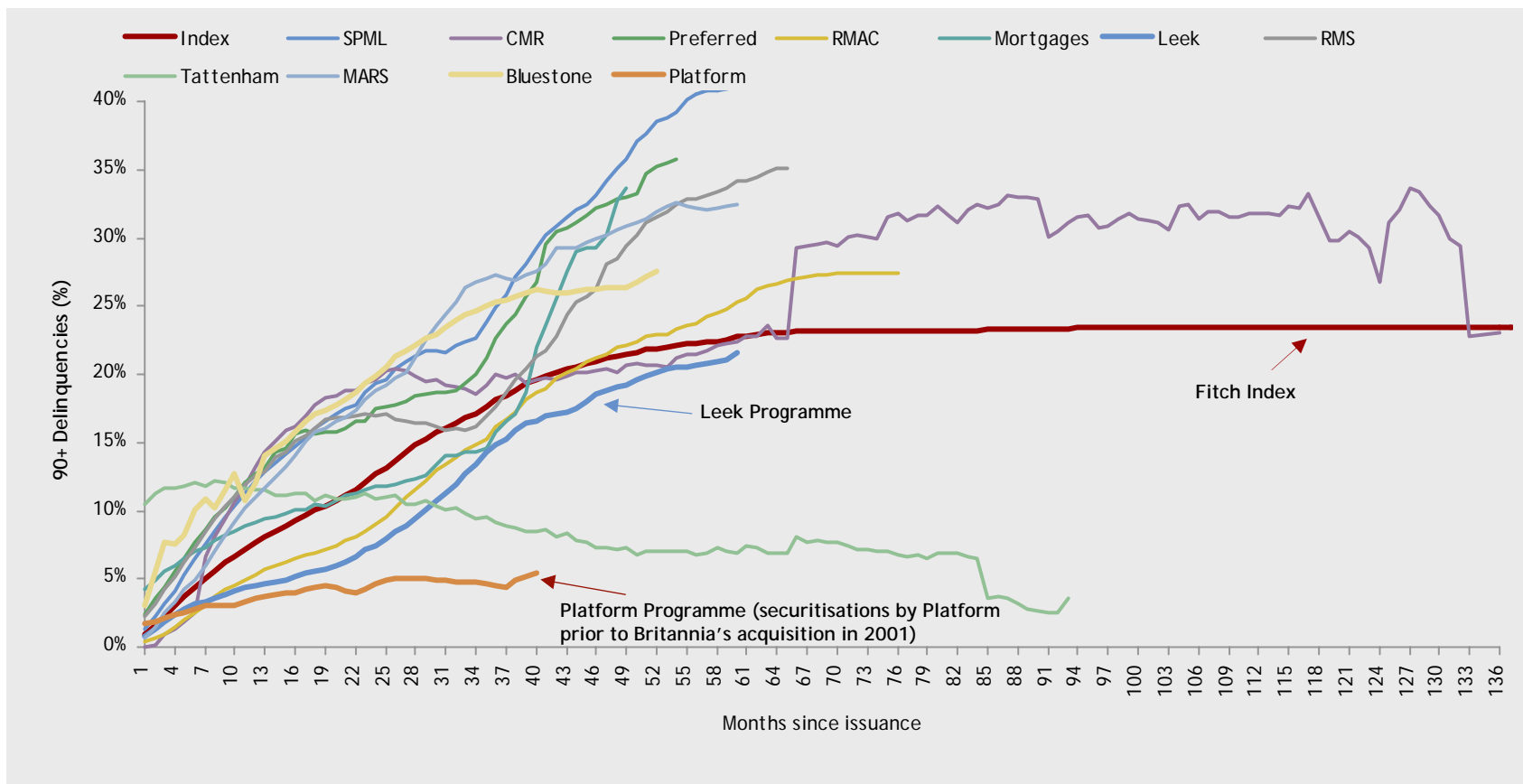


Source: Standard and Poor's

Good performance in Leek compared to the UK non-conforming market

Leek deals comprise a mix of self-certified loans, BTL loans and non-conforming loans (the majority of which are near-prime from the “top slice” of the non-conforming market) - this collateral mix is reflected in the performance of Britannia sponsored RMBS

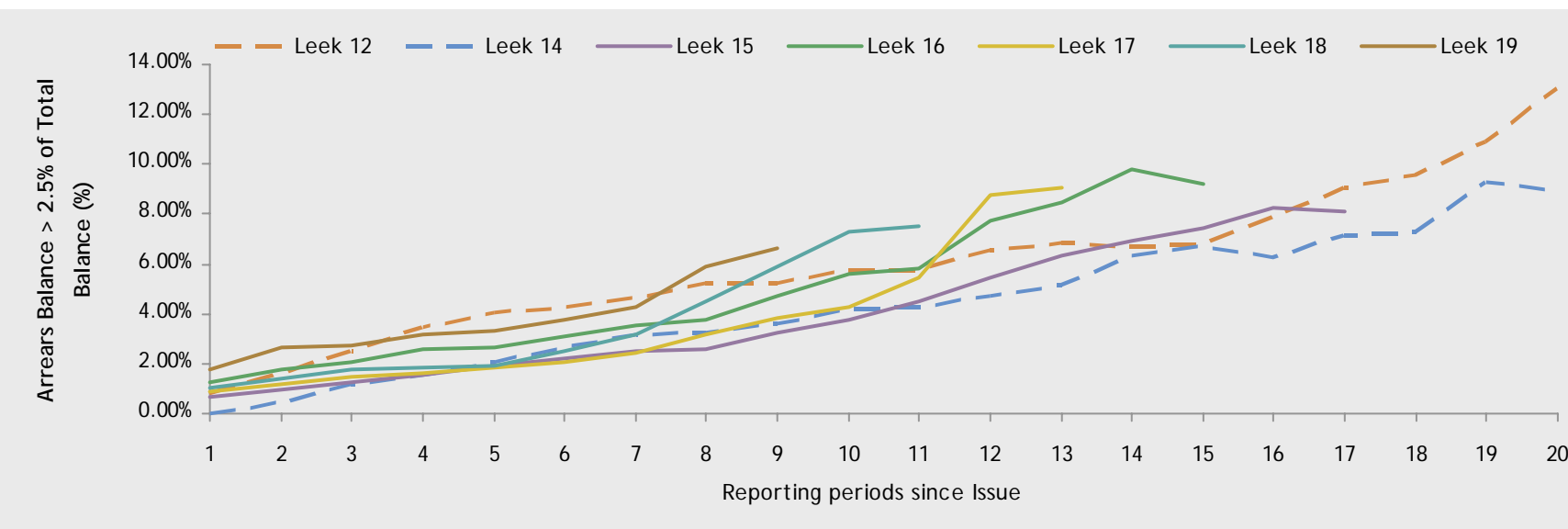
Fitch UK Non-Conforming Index as at Q1 2009



Source: Fitch UK Non-conforming RMBS: Performance Review: Q1 09
 Note: Includes repossessions

Evolution of Leek arrears as % of outstanding balance

Loans with arrears balance > 2.5% of loan balance as a proportion of outstanding pool balance



Arrears balance > 2.5% of total balance, as a proportion of outstanding pool balance

	Reporting periods since issue																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Leek 12	0.81%	1.62%	2.53%	3.47%	4.05%	4.25%	4.61%	5.24%	5.26%	5.77%	5.72%	6.55%	6.87%	6.71%	6.77%	7.91%	9.05%	9.55%	10.94%
Leek 14	0.00%	0.47%	1.16%	1.57%	2.07%	2.62%	3.16%	3.24%	3.62%	4.21%	4.24%	4.74%	5.16%	6.32%	6.70%	6.29%	7.15%	7.32%	9.28%
Leek 15	0.63%	0.95%	1.23%	1.55%	1.95%	2.19%	2.47%	2.61%	3.23%	3.74%	4.52%	5.47%	6.33%	6.90%	7.47%	8.26%	8.11%		
Leek 16	1.23%	1.74%	2.05%	2.55%	2.65%	3.11%	3.55%	3.75%	4.71%	5.57%	5.81%	7.74%	8.51%	9.78%	9.21%				
Leek 17	0.89%	1.21%	1.47%	1.60%	1.82%	2.06%	2.42%	3.16%	3.81%	4.24%	5.48%	8.77%	9.05%						
Leek 18	1.04%	1.38%	1.80%	1.87%	1.92%	2.49%	3.20%	4.46%	5.88%	7.30%	7.50%								
Leek 19	1.77%	2.65%	2.70%	3.17%	3.32%	3.76%	4.29%	5.93%	6.64%										

Source: Britannia Building Society

UK mortgage market – segmentation

Prime and non-conforming markets, a continuum

Owner-occupied market

Prime market
 The prime market is typically defined and serviced by “High Street” lenders
 The prime market boundaries are set by the “High Street” lenders underwriting criteria policy

Non-conforming
 This market addresses the needs of borrowers having a worse credit record or no credit record. The following sub markets are identified:

- Borrowers with no credit history
- Self-employed borrowers
- Right to buy borrowers
- Borrowers with adverse credit history (e.g. CCJs)

Fringe non-conforming

- Debt consolidation
- Second liens

Total size: £1,225.4 billion¹

Buy to Let market (BTL)

Prime market
 The BTL market is a niche market that started to grow in the late 1990s
 In 2008, the total balance of BTL mortgages issued was £27.2 billion, down from the £44.6 billion originated during 2007

Non-conforming
 This market is relatively small

Total size: £137.8 billion¹



Source: CML
¹ As at 2008Q4

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Britannia / Co-operative Financial Services merger into a “Super-mutual” overview

Key Information

- The first-ever merger between different types of member-owned businesses will combine CFS personal and corporate banking, insurance and investment expertise with Britannia’s high street presence and savings and mortgage expertise
- Legislative change allows merger
- Very strong support from influential stakeholders
- Expected to become effective on 1st August 2009, subject to confirmation by the FSA.
- Britannia’s and CFS’s corporate ratings are independently strong as set out below:
 - Britannia Corporate Ratings

– Moody’s:	A2 (neg)	P-1 (neg)
– Fitch:	A-	F2
 - Co-Op Bank Corporate Ratings

– Moody’s:	A2 (neg)	P-1 (neg)
– Fitch:	A (neg)	F1 (neg)
- After the proposed merger between Britannia and Co-operative Bank PLC, Platform’s and WMS’s responsibilities to the Leek deals will remain as before, with those entities being subsidiaries of Co-operative Bank PLC. The guarantee provided by Britannia will also transfer to become an obligation of Co-operative Bank PLC¹

Source: Britannia

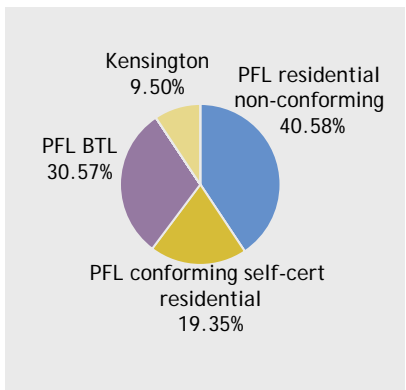
Source: ¹Britannia and Section 97(6) of the Building Society Act 1986

The New Super-Mutual

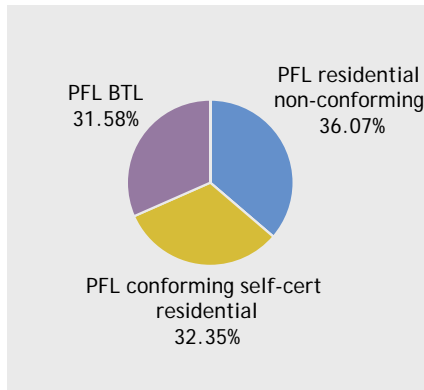
- New super-mutual - fair, ethical and co-operative
- The new mutual will be a wholly owned subsidiary of The Co-operative Group, one of the world’s largest and most successful consumer co-operatives (three million members, over £10 billion turnover) with 100,000 employees, 5,000 retail outlets and interests in farming, food, pharmacies, travel and funeral care
- £70 billion assets, 9 million customers, 12,000 employees
- Over 300 branches, 20 corporate banking centres, UK call centres and web
- Increased scale, reach and financial strength
- Shared values and mutual ethos
- Significant synergy potential
- Income diversification away from margin
- Britannia members will become members and co-owners of The Co-operative Group
- Customers will see no immediate change to the products and services they receive and the new business will continue to trade under the Britannia and Co-operative brands

Leek programme initial collateral composition

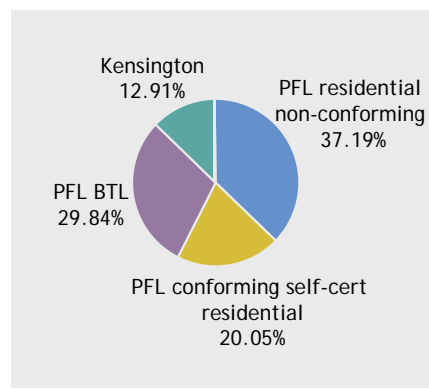
Leek 14



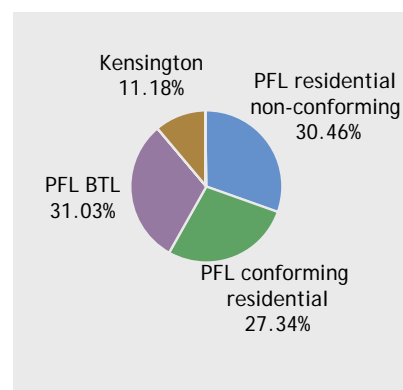
Leek 15



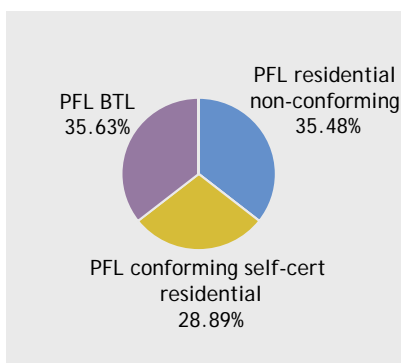
Leek 16



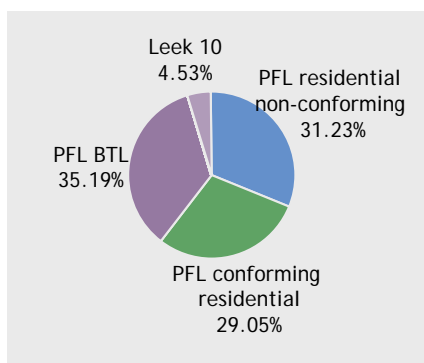
Leek 17



Leek 18



Leek 19



Composition Summary

	Amount (£)
PFL Conforming Residential	564,516,982
PFL BTL	1,995,421,794
PFL Residential Non-conforming	2,181,063,204
PFL Conforming Self-cert Residential	1,058,972,928
Kensington	357,440,341
Leek 10 (called and put into Leek19)	38,050,294
	6,195,465,543

The Leek programme

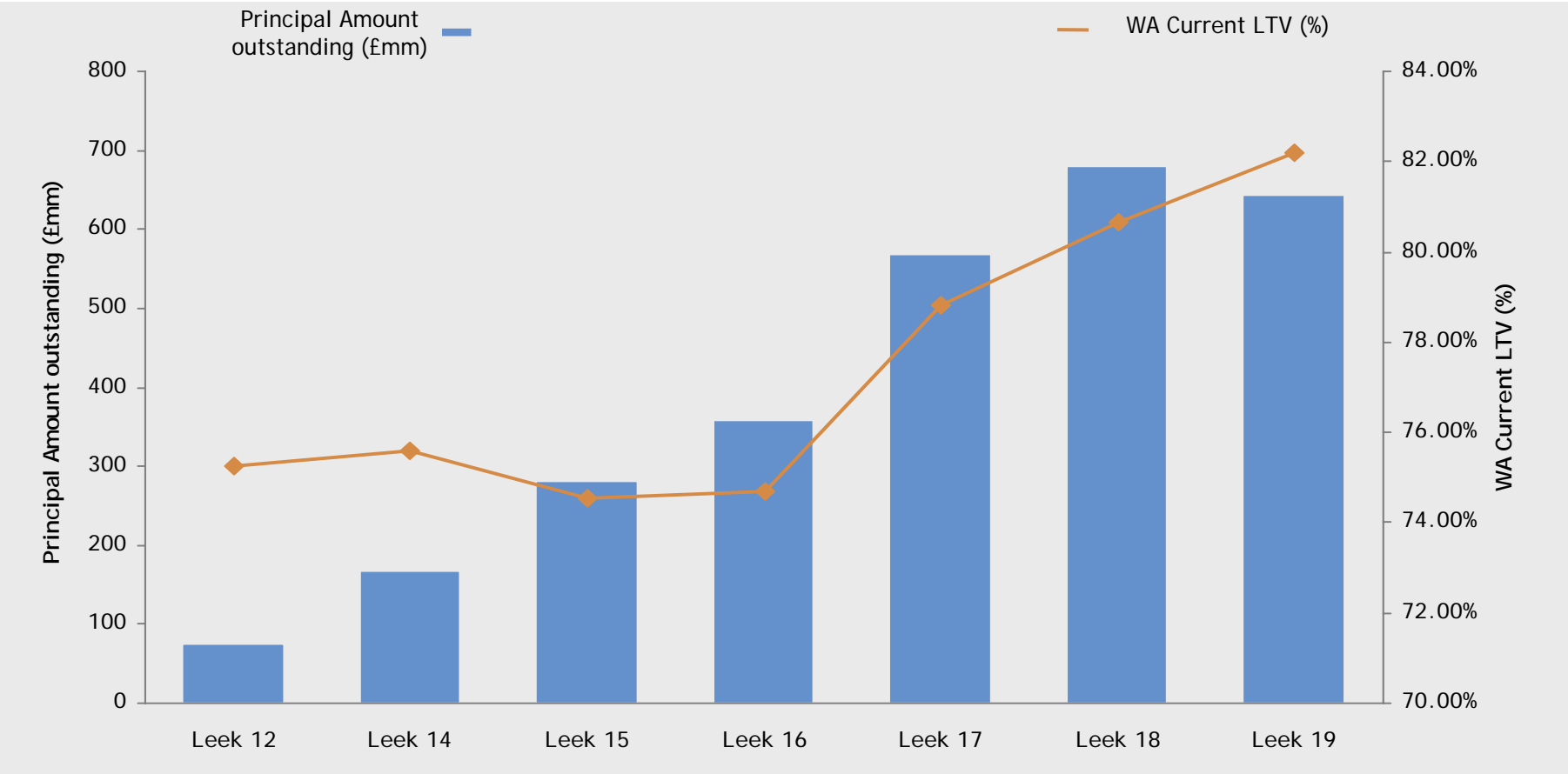
Leek capital summary

	Leek 12	Leek 14	Leek 15	Leek 16	Leek 17	Leek 18	Leek 19	Total
AAA Initial Balance (£,000) ¹	633,156	913,705	944,064	840,286	1,010,338	901,343	671,487	5,914,379
AA Initial Balance (£,000) ¹	28,144	61,801	63,779	31,213	73,593	71,073	69,220	398,823
A Initial Balance (£,000) ¹	24,480	42,038	43,146	45,943	49,528	44,095	46,665	295,895
BBB Initial Balance (£,000) ¹	17,939	28,110	29,272	44,019	33,451	40,290	28,362	221,443
BB Initial Balance (£,000) ¹							17,554	17,554
TOTAL (£,000)	703,719	1,045,654	1,080,261	961,461	1,166,910	1,056,801	833,287	6,848,093
Reserve Fund at closing (£,000)	9,359.47	17,566.98	18,688.51	14,806.50	23,367.07	23,270.04	17,915.67	124,974
RF as % of Initial Balance (%)	1.33%	1.68%	1.73%	1.54%	2.00%	2.22%	2.15%	
AAA Outstanding Balance (£,000) ¹	3,844	35,629	145,688	237,598	412,264	525,235	482,041	1,842,299
AA Outstanding Balance (£,000) ¹	28,606	61,801	63,779	56,713	73,593	71,073	69,220	424,785
A Outstanding Balance (£,000) ¹	24,953	42,038	43,146	38,943	49,528	44,095	46,665	289,368
BBB Outstanding Balance (£,000) ¹	18,280	28,110	29,272	25,519	33,451	40,290	28,362	203,284
BB Outstanding Balance (£,000) ¹							17,554	17,554
TOTAL (£,000)	75,683	167,578	281,885	358,773	568,836	680,694	643,841	2,777,290
Reserve Fund Outstanding (£,000) ¹	15,411.45	22,272.42	24,845.99	20,767.56	27,689.98	26,938.74	17,915.67	155,842
RF as % of Outstanding Balance (%)	20.36%	13.29%	8.81%	5.79%	4.87%	3.96%	2.78%	
Provisions (£,000) ¹	1,678.84	2,844.64	4,602.77	5,302.22	7,971.96	6,370.64	1,749.71	30,521
P as % of Outstanding Balance (%)	2.22%	1.70%	1.63%	1.48%	1.40%	0.94%	0.27%	
Pool Factor ¹	10.75%	16.03%	26.09%	37.32%	48.75%	64.41%	77.27%	

¹ Investor reports, March 2009

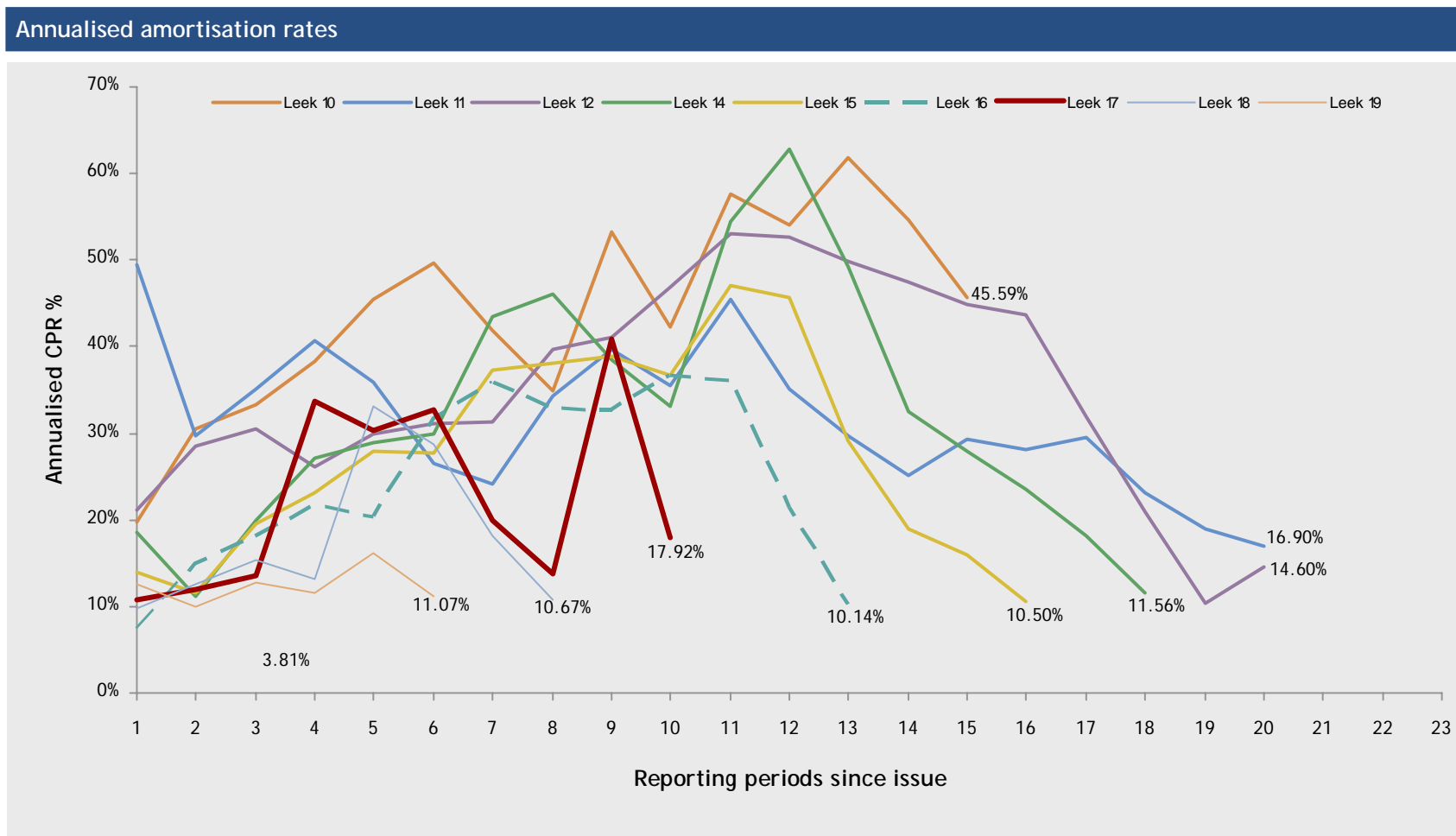
Collateral Summary

Collateral Summary



Source: Investor reports, March 2009

Annualised amortisation rates for Leek transactions



Source: Leek Finance investor reports as at March 2009 (Leek 10 was fully redeemed in period 16, March 2007, Leek 11 was fully redeemed in December 2008)
 Note on calculation: Annualised amortisation as calculated between reporting dates. First date and value based on cut-off date/balance of provisional pool cuts.

Previous Leek transactions—ratings overview

Portfolio properties							
Transaction	Class	Initial rating			Current rating		
		S&P	Moody's	Fitch	S&P	Moody's	Fitch
Leek 12	Aa/Ab/Ac	AAA	Aaa	AAA	AAA	Aaa	AAA
	Ma/Mb/Mc	AA	Aa3	AA	AA+	Aa3	AAA
	Ba/Bc	A	A2	A	AA	A2	AAA
	Ca/Cc	BBB	Baa2	BBB	A	Baa2	AA+
Leek 14	A1/A2a/A2b/A2c	AAA	Aaa	AAA	AAA	Aaa	AAA
	Ma/Mc	AA	Aa2	AA	AAA	Aa2	AAA
	Ba/Bc	A	A1	A	AA	A1	AAA
	Ca/Cc	BBB	Baa1	BBB	A	Baa1	A+
Leek 15	Aa/Ab/Ac	AAA	Aaa	AAA	AAA	Aaa	AAA
	Ma/Mc	AA	Aa2	AA	AAA	Aaa	AAA
	Ba/Bc	A	A2	A	A+	Aa1	AA
	Cc	BBB	Baa3	BBB	BBB	A2	BBB+
Leek 16	A1a/A1b/A1c/A2a/A2b/A2c	AAA	Aaa	AAA	AAA	Aaa	AAA
	Ma/Mc	AA	Aa2	AA	AA	Aa2	AA+
	Ba/Bc	A	A2	A	A	A2	A+
	Cc	BBB	Baa2	BBB	BBB	Baa2	BBB
Leek 17	A1a/A1b/A2a/A2b/A2c	AAA	Aaa	AAA	AAA	Aaa	AAA
	Mc	AA	Aa3	AA-	AA	Aa3	AA-
	Ba/Bc	A	A2	A-	A	A2	A-
	Cc	BBB+	Baa2	BBB-	BBB+	Baa2	BBB-
Leek 18	A1a/A1b/A2a/A2b/A2c/A2d	AAA	Aaa	AAA	AAA	Aaa	AAA
	Ma/Mc	AA	Aa3	AA-	AA	Aa3	AA-
	Ba/Bc	A	A3	A	A	A3	A
	Ca/Cc	BBB	Baa2	BBB	BBB	Baa2	BBB
Leek 19	A1a/A1b/A2a/A2b/A2c	AAA	Aaa	AAA	AAA	Aaa	AAA
	Ma/Mc	AA	Aa2	AA	AA	Aa2	AA
	Ba/Bc	A	A2	A	A	A2	A
	Ca/Cc	BBB	Baa3	BBB	BBB	Baa3	BBB
	Da/Dc	BB	Ba3	BB	BB	B2	B+
Leek 20	A	AAA	Aaa	AAA	AAA	Aaa	AAA
Leek 21	A	AAA	Aaa	AAA	AAA	Aaa	AAA
	B	NR	NR	NR	NR	NR	NR

Note: The shaded cells indicate the rating agency rating changes

Covered Bond Programme

Covered Bond Programme Characteristics

- **Issuer:** Britannia Building Society
- **Programme Size:** £3 billion equivalent
- **Ratings:** Aaa/ AAA
- **Maturity:** Soft Bullet 3 years- with a 1 year extension option at Britannia’s discretion
- **Currency:** Any currency, initial issuance in Sterling
- **Incorporation:** Limited Liability Partnership
- **Requested Listings:** London
- **Law:** English
- **Series:** 2009-1 issuance of £1.4 billion (April 2009)
- **Structure:** This transaction features a pass-through structure to reduce asset-liability mismatches and preserve note ratings through high issuer ‘de-linkage’ : 35 year extendable Due for Payment Maturity Date
- **New Sellers:** Going forward new sellers may be added to the transaction provided the then current note ratings remain unaffected

Note: 1. subject to providing appropriate level of overcollateralisation

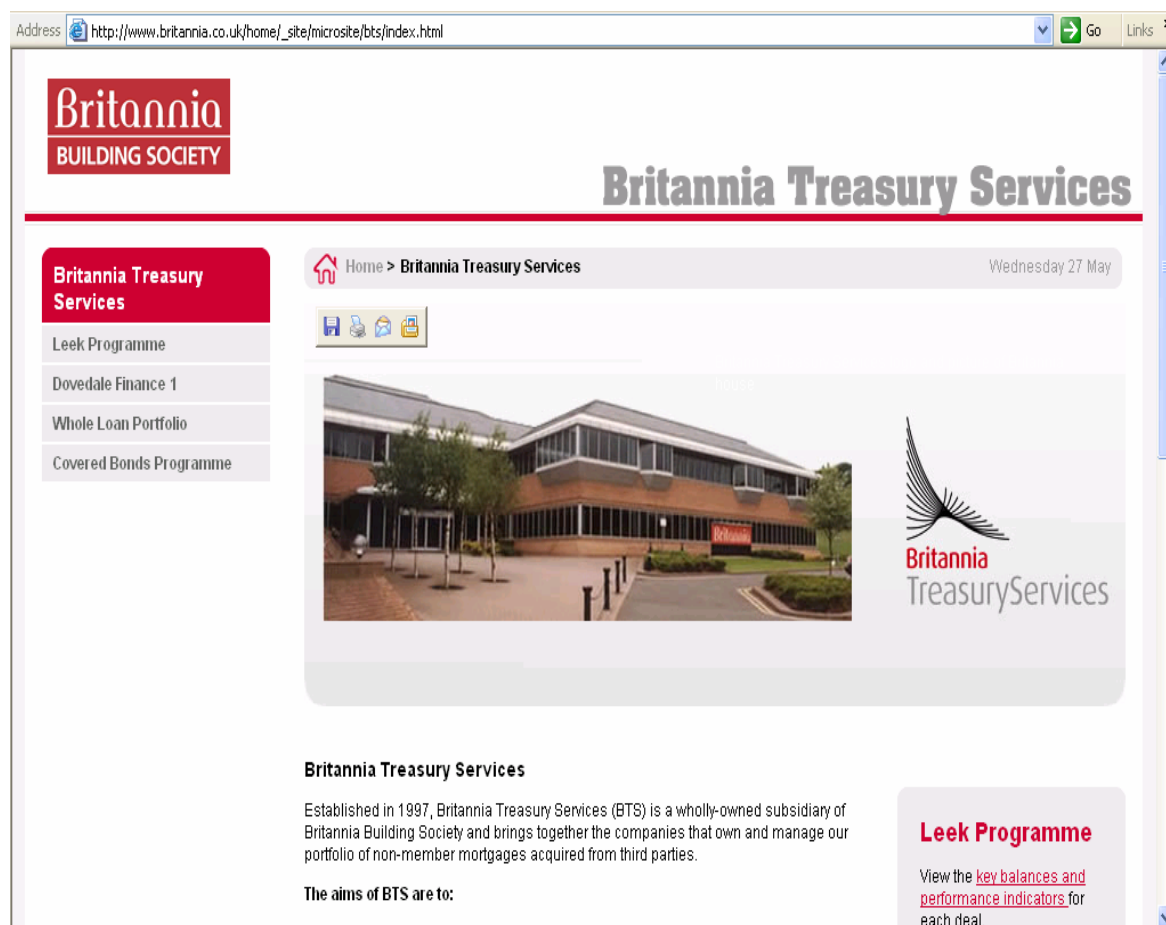
Portfolio Statistics

Size of Cover Pool	GBP1.95bn
Collateral Type	Prime Residential Mortgages
Asset Location	U.K.
Number of loans	18,518
Average loan balance	GBP105,731
Current Indexed LTV	65.0%
WA Seasoning	2.3 years
WA Remaining Term	18.8 years
Fixed Rate loans	77.8%
Interest Only loans	20.8%
Loans in Arrears	0.0%

Ratings

- **“Very High” TPI Indicator:** Britannia Covered Bond is assigned a “very high” TPI indicator from Moody’s. This means, *ceteris paribus*, Britannia’s issuer rating could fall as low as Baa2 without its covered bond Aaa rating being constrained¹
- **Discontinuity Factor of 7.8%:** Fitch assigned a discontinuity factor of 7.8% to Britannia’s Covered Bond programme. The “D-factor” is a measure of the likelihood of interruption of payments on the covered bonds should Britannia default. The D-Factor with the associated recovery uplift, means, *ceteris paribus*, Britannia’s issuer rating could fall as low as BBB- without its covered bond rating being constrained below AAA¹

Investor reporting – www.britannia.co.uk/bts and Bloomberg



Source: www.britannia.co.uk/bts

Summary information

- Up-to-date information on all its securitisation transactions
- Reporting on all previous transactions can be found at: <http://www.britannia.co.uk/bts>
- Britannia's investor reporting website includes details of:
 - Leek programme
 - Dovedale Finance 1
 - Britannia Covered Bond Programme
 - Investor reports
 - Offering circulars
 - Pool factors

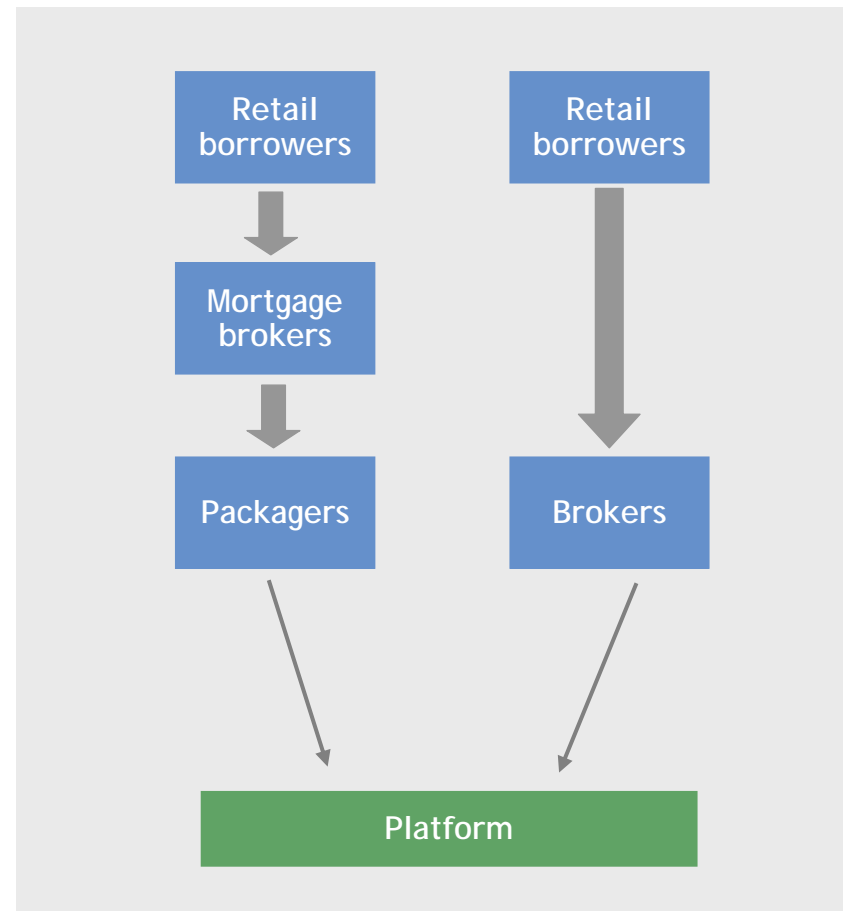
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Platform originations

Platform Originations

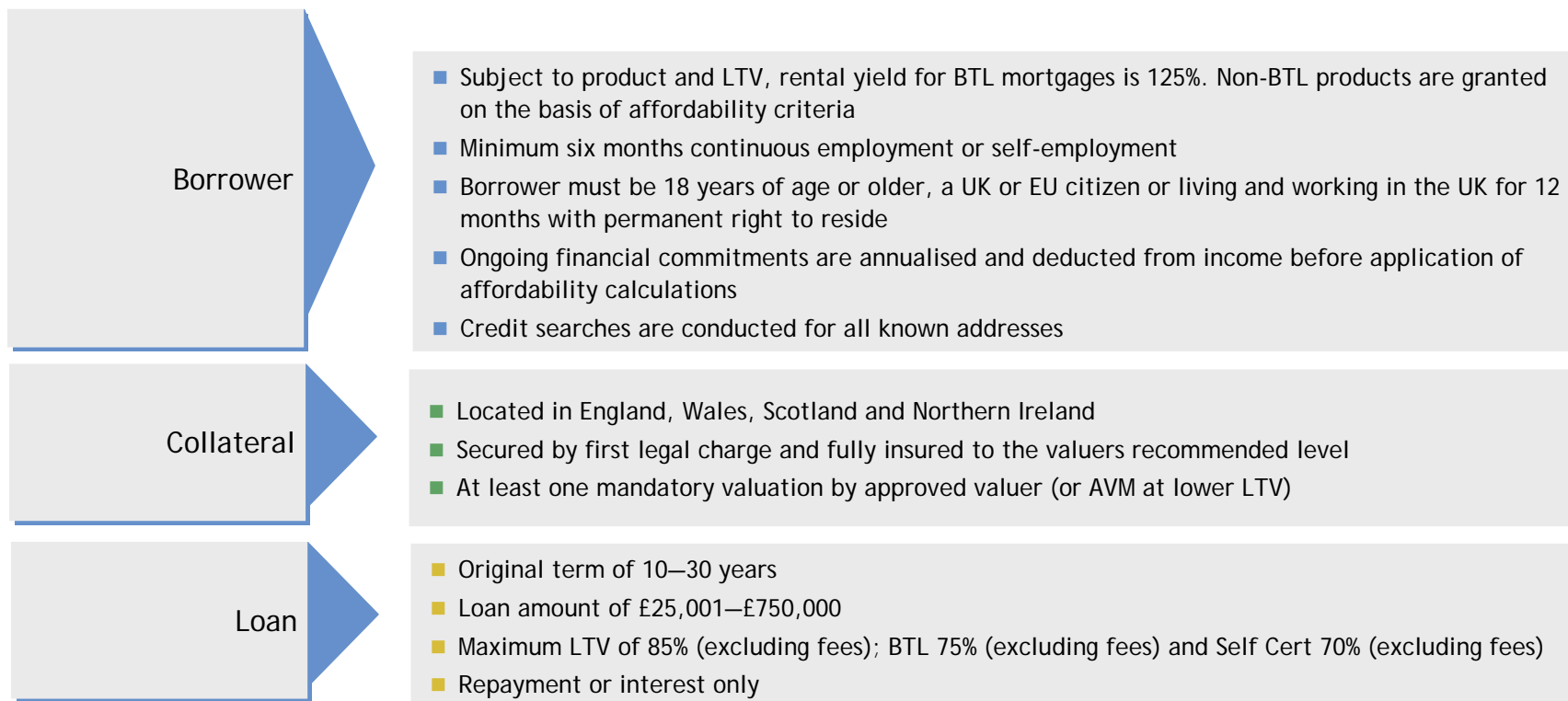
- Platform has segmented its distribution into 3 categories: tier 1, 2 & 3, based on quality of applications and on-going arrears performance. Tier 1 classifies Platform's top introducers
- 67% of Platform's mainstream business is targeted from appointed representatives of Platform's tier 1 category
- 33% of Platform's mainstream business is targeted from appointed representative's via Platform's tier 2 customers
- Tier's 1 & 2 distribution gives access to over 10,000 registered individuals all aligned to strict compliance processes
- Segmentation allows distribution of bespoke products and tranche management to avoid exposure in any given product area



Source: Platform

Underwriting criteria

- Platform's key lending guidelines for mortgages are:



- Approval to lend outside the lending criteria may be granted on a loan-by-loan basis
 - Only staff holding a mandate can approve this decision
 - Different mandate levels required for prescribed exceptions
 - Approximately 5% of loans are granted outside the policy guidelines
 - No lending approvals are given outside the affordability criteria
 - Historically these loans perform better than the Platform portfolio average

Source: Platform

Platform originations –products underwriting

Underwriting criteria of conforming products

Product name	Status	Max LTV ¹	Max loan sizes	Reversionary Rate
Mainstream	Full status only	85%	85%–£750k 75%–£1,000,000	BBR + 3.75%
Self-Certification	Self-cert only	70%	70%–£500k	BBR + 3.00%
BTL - Buy to Let	Self-financing	75%	£500k	BBR + 3.00%

Source: Platform, as at May 22, 2009

¹ Max LTV calculation excludes fees

Underwriting criteria of non-conforming products

Product name	Max LTV ²		Margins (over LIBOR)	CCJs	Arrears	Bankruptcy/IVA	Max loan sizes
	Self Cert	Full Status					
Almost Prime	65%	75%	60%: 6.19% 75%: 6.49%	£500	Nil	Not allowed	£250,000

Source: Platform, as at May 22, 2009

² Max LTV calculation excludes fees

Platform criteria changes following August 2007

Criteria comparisons

	Pre- Aug 2007	Current	
Conforming	Maximum Conforming LTV (%)	95%	85%
	Maximum Conforming Loan Size	£1,000,000	£1,000,000
Self-Certified	Maximum Self-Cert LTV (%)	85%	70%
Buy-to-Let	Maximum BTL LTV (%)	90%	75%
	Minimum rental cover	110%	125%
	FTB for BTL loans	Allowed	Not Allowed
	Non-Conforming BTL - Light & Medium Products	Available	Not Available
Non-Conforming	Maximum Almost Prime LTV (%)	95%	75%
	Maximum Minor Adverse LTV (%)	95%	Not Available
	Maximum Light Adverse LTV (%)	95%	Not Available
	Maximum New Build LTV (%)	85%	75%
	Maximum Conforming Loan Size	£1,000,000	£1000,000
	Minimum rental cover	110%	125%
	Medium & Heavy Adverse Products	Available	Not Available
General	Income Assessment	Income Multiples	Affordability

Source: Platform Lending Policy Manual



Commentary

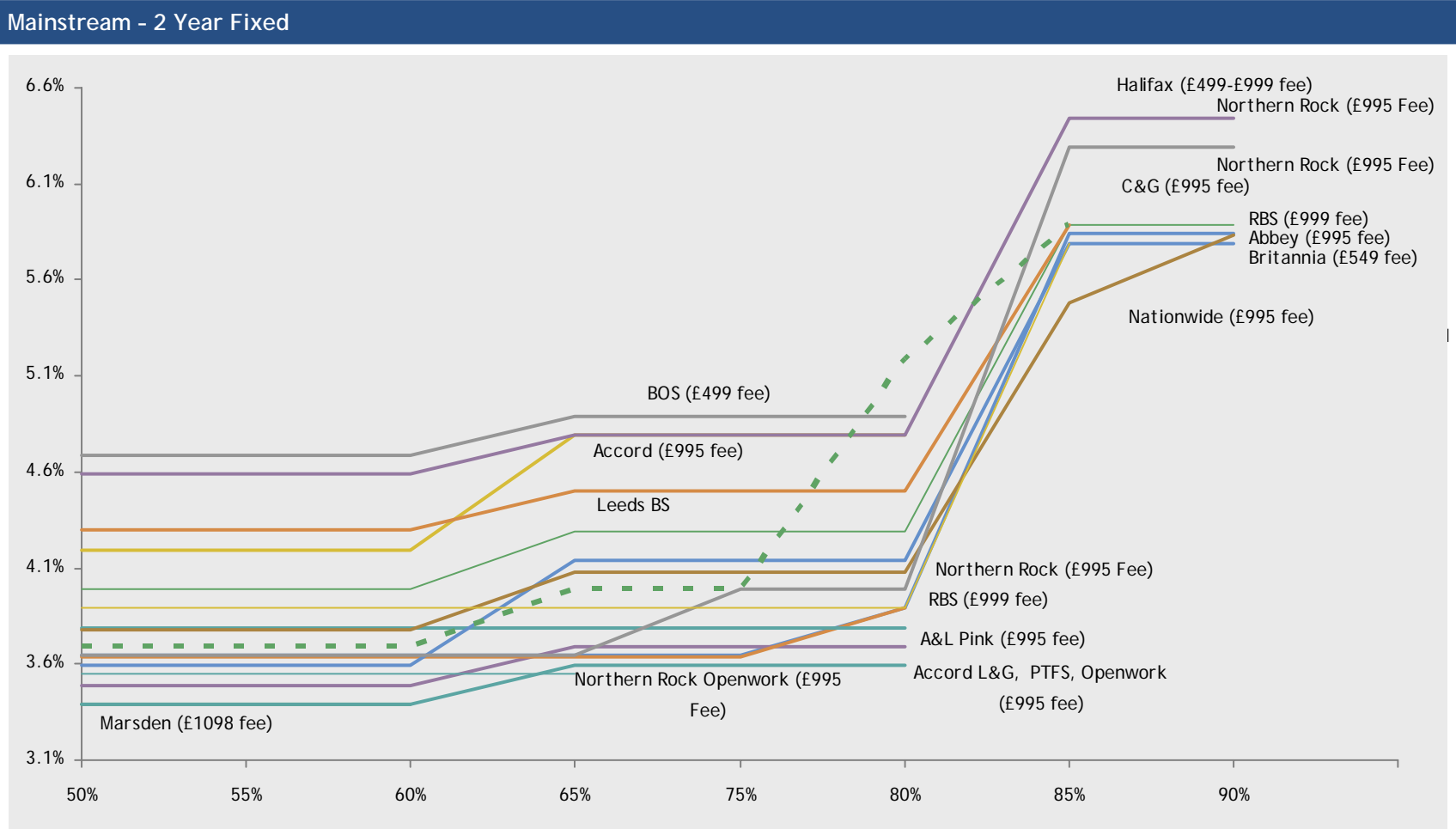
- Post August 2007, the UK mortgage lenders, including Platform mortgages, have tightened their lending criteria to adjust margins and underwriting criteria to new funding environment
- General Trends:
 - Reduction of maximum LTV allowances across all products
 - Reduction of the maximum loan size allowed for certain products
 - Decrease in arranger and introducer fees
 - Affordability assessment based on DTI instead of Income multiples
 - Requirement of longer minimum trading periods for self employed on self-certified products. Employed self certification no longer available
 - Requirement of higher rental cover for BTL loans
 - Tighter criteria apply to First Time Buyers & New Build
 - Riskier product types (e.g. Minor, Light, Medium & Heavy Adverse loans) no longer available
- Increase in initial & reversionary margins from 2007 Q1, for example:
 - Fixed 3 year BTL was 6.19%, now 6.99% (reversionary margin was BBR+2.00%, now BBR+3.00%)
 - Fixed 3 year Almost Prime was 6.29%, now 8.39% (reversionary margin was LIBOR+2.25%, now LIBOR+3.15%)

Affordability index and other lending parameters

- The affordability index has replaced income multiples as one of Platform's key lending criteria
- A high index shows that an applicant may be overcommitted. Group Credit Committee set the levels at which an application will pass affordability
- The affordability index expresses the applicants net disposable income as a proportion of their allowable income
- The following deductions are made from the applicants allowable income to derive net disposable income
 - Income tax and national insurance
 - Council tax
 - Debt servicing payments
 - Utility payments
 - Mortgage repayment on capital and interest basis and with a projected rate
 - Other regular payments

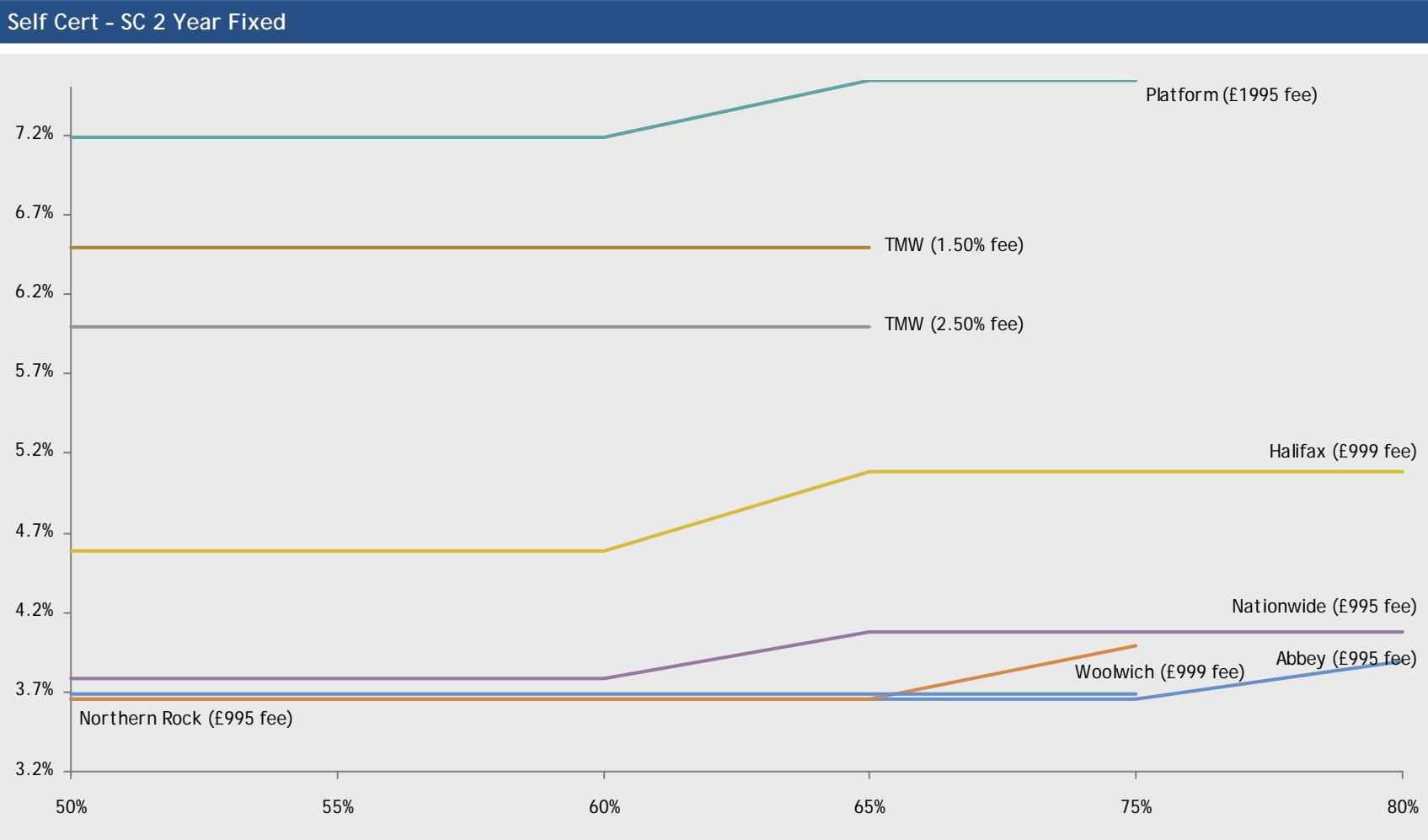
Source: Platform

Current peers comparison - Mainstream (Intermediaries)



Source: Platform, as at May 22, 2009

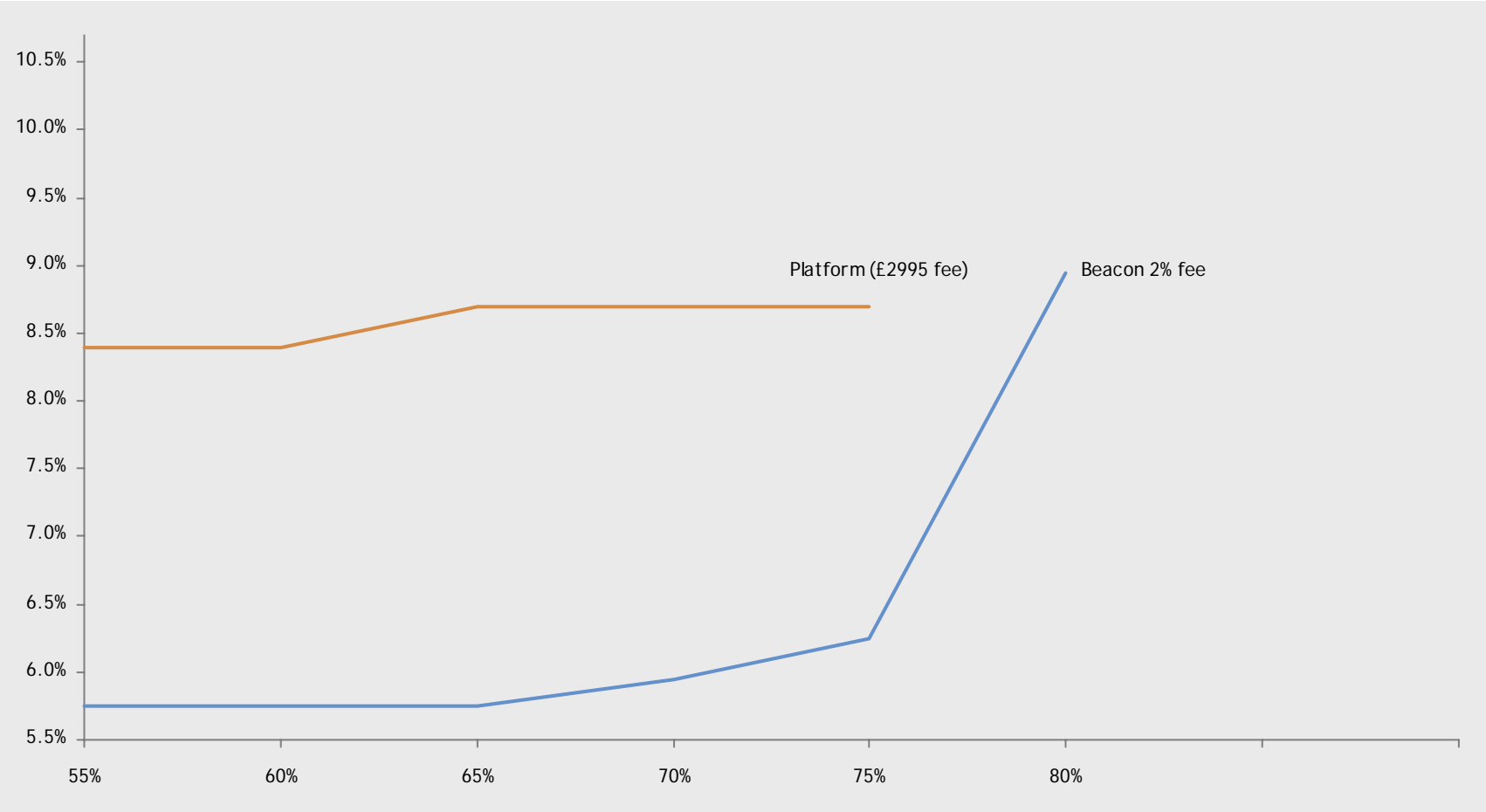
Current peers comparison - Self Cert



Source: Platform, as at May 22, 2009

Current peers comparison - Non-Conforming

Non Conforming - Almost Prime 2 Year Fixed Status



Source: Platform, as at May 22, 2009

Underwriting – Platform organisation

Platform’s lending department

- Consists of 76 staff grouped into 8 new business teams
- Authorisation to lend depends on level of experience and tenure with the firm
- All staff are trained in Platform policy and evaluated on an ongoing basis by senior management
- Approximately 5% of applications are declined immediately
- Platform’s average completion rate on loans is approximately 35%

Underwriting team

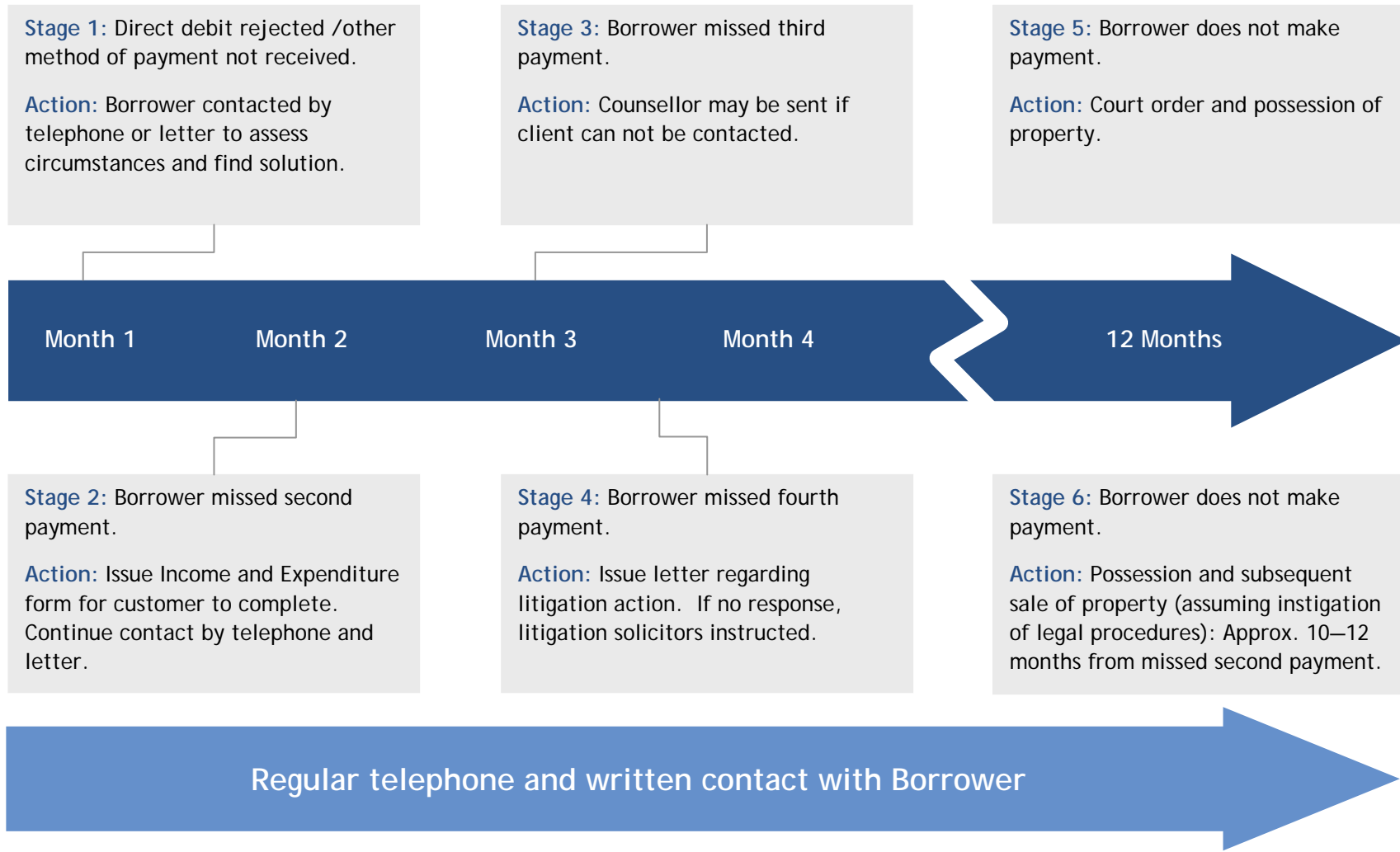
- There are 9 individuals holding the second level mandate and 10 holding the third level
- Underwriter compensation is salary based and managed under a performance management scheme with measures on
 - Arrears performance
 - Volume
 - Conversion
 - Compliance with Lending Policy

Lending authorisation levels	
Authorisation status	Lending oversight
First level	Mainstream Prime up to £250,000
Second level	Non Conforming Status up to £400,000 and First Level Oversight
Third Level	Self Cert up to £500,000 and Second Level and First Level Oversight
High Value Loan Committee	£500,000 to £1,000,000

Platform’s New Business department underwrites 100% of the mortgages and a sample of the lending decisions are audited by Group Credit Risk after completion of the underwriting process

Source: Platform

Example arrears, litigation, repossession and sale timeline



Source: WMS

Servicing

- Britannia Building Society (rated A-/A2 by Fitch/Moody's), a FSA regulated financial institution, guarantees the full servicing obligations for all Leek transactions
- Western Mortgage Services Limited (WMS) has been serving as the primary servicer for all Leek transactions

WMS background

- WMS was established in 1996, and has been involved with the non-conforming market since that date. Prior to the establishment of WMS, most of the WMS management team worked together for over 15 years at Western Trust and Savings
- WMS is a wholly owned subsidiary of Britannia
- In December 2001 Platform's servicing operations were transferred to WMS. A transition project ensured a transfer of servicing operations
 - Project began six months prior to transfer and ended one year after
 - WMS administrators received additional training from Platform staff both at the WMS location and at Platform offices
- WMS has over £11 billion of mortgage assets under management
- Based in Plymouth with 390 dedicated staff, WMS provides servicing operations for Platform, as well as several smaller non-affiliated mortgage providers

Administrations duties carried out by WMS

- WMS will carry out all aspects of a loan's administration, including
 - Undertaking of the welcome duties
 - Collection of monthly payments from borrowers
 - Arranging annual renewal of building insurance
 - Dealing with enquiries from borrowers
 - Administrating the payment of arrears amounts
 - Handling of the litigation, repossession and sale process

Source: WMS

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Previous Leek transactions—collateral statistics at issue

Portfolio properties								
	Leek 19	Leek 18	Leek 17	Leek 16	Leek 15	Leek 14	Leek 12	
Transaction details	Closing date	Apr-07	Oct-06	Apr-06	Oct-05	Apr-05	Oct-04	Mar-04
	Transaction size (£mm)	833	1,000	1,168	961	1080	1046	704
	Registration	Reg S/144A	Reg S/144A	Reg S/144A	Reg S/144A	Reg S/144A	Reg S/144A	Reg S/144A
	AAA credit enhancement	21.55%	16.6%	15.4%	14.1%	14.9%	14.3%	11.3%
	Initial reserve fund	2.15%	2.22%	2.00%	1.54%	1.73%	1.68%	1.33%
	Target reserve fund	2.15%	2.57%	2.37%	2.16%	2.30%	2.13%	2.19%
	AAA WAL (years) ¹	0.6/2.8	0.5/2.9	0.6/3.0	0.5/3.0	2.4	0.5/3.0	2.5
AAA pricing (bp)	5 / 11	NA	4 / 14	6 / 16	14	0 / 18	22	
Collateral details	Average balance (£)	123,565	120,210	111,126	98,352	100,284	88,739	65,866
	WA original LTV	82.16%	80.6%	78.4%	75.2%	76.9%	78.9%	80.6%
	WA margin at closing	0.84%	0.75%	1.11%	1.10%	1.08%	1.16%	1.73%
	WA reversionary margin	2.01%	1.80%	2.14%	2.30%	2.16%	2.59%	3.28%
	Concentration	London 15.47%	London 15.7%	London 13.9%	London 11.3%	London 11.2%	London 10.5%	London 8.4%
		SE 32.85%	SE 29.4%	SE 30.9%	SE 28.1%	SE 28.1%	SE 29.7%	SE 23.4%
	>3 months arrears	1.03%	0.96%	0.47%	1.11%	0.7%	0.6%	0.7%
	WA seasoning (years)	0.5	0.4	0.4	0.5	0.5	0.5	0.7
	Purchase mortgages	59.48%	49.8%	46.5%	44.0%	45.5%	56.8%	65.9%
	Investment home loans	19.2%	35.6%	30.9%	29.4%	28.7%	25.3%	14.0%
	Right to buy	4.1%	6.3%	7.0%	7.32%	4.9%	9.7%	22.4%
	Loans with no CCJs	94.6%	96.2%	94.2%	89.9%	91.8%	88.1%	77.2%
	Self-certified loans	52.3%	51.8%	57.1%	56.4%	57.4%	55.2%	48.7%
	Interest only	74.8%	70.3%	66.2%	59.4%	60.6%	53.9%	40.1%
	Flexible mortgage	0%	0%	0%	0%	0%	0%	0%
Second mortgage	0%	0%	0%	0%	0%	0%	0%	

Source: Offering circulars, Fitch, Moody's

¹ Assumes CPR of 25%

Typical Leek capital structure

- Redemption of notes is pass-through and strictly sequential
- Credit enhancement is provided through subordinated classes, a reserve fund and excess spread
- No reserve fund amortisation tests
- Weighted average gross asset margin at pool cut-off is [•]bps pa³
- Weighted average gross asset reversionary margin is [•]bps pa³

Credit structure summary	Ratings ²	Exp CE levels at close	WAL (yrs)
A notes ¹ , [•]% £[•]mm equivalent in USD/GBP/EUR	[AAA/AAA/Aaa]	[•]%	[•]
M notes, [•]% £[•]mm equivalent in GBP/EUR	[AA/AA/Aa2]	[•]%	[•]
B notes, [•]% £[•]mm equivalent in GBP/EUR	[A/A/A2]	[•]%	[•]
C notes, [•]% £[•]mm equivalent in GBP/EUR	[BBB/BBB/Baa2]	[•]%	[•]
Required Amount [•]%			

Notes: All notes are FRNs

¹ Notes offered to US investors

² Rating by S&P/Fitch/Moody's respectively

³ Margin over Libor

UK non-conforming and BTL RMBS comparison at issue

UK non-conforming RMBS issuer comparison						
	Alba 2007-1	Leek 19	Eurosail 07-2NP	RMAC 2007 - NS1	Paragon 15	
Transaction details	Closing date	June 2007	Apr 2007	March 2007	June 2007	Jul 2007
	Originator	GMAC, Kensington & Money Partners	Britannia Building Society	Preferred	GMAC	Paragon
	Transaction size (£ mm)	971	833	585	500	1,000
	Registration	Reg S/144A	Reg S/144A	Reg S/144A	Reg S/144A	Reg S/144A
	AAA credit enhancement	24.7%	21.55%		14.44%	15.0%
	Initial reserve fund	1.02%	2.15%	0.4%	1.10%	1.90%
	Target reserve fund	1.02%	2.15%	0.4%	1.10%	2.40%
	AAA WAL (years) ¹	1 / 2 / 4 / 5	0.6/2.8	1 / 2 / 4	1 / 3	1 / 3
Wrapped	No	4 / 13	No	No	No	
Collateral details	Average balance (£)	138,972	123,565	106,529	104,710	146,599
	WA original LTV%	84.07	82.16%	77.32	75.51	79.34
	>3 months arrears	0.00%	1.03%	0.00%	0.00%	0.00%
	WA seasoning (years)	0.4	0.5	0.3	1.3	0.1
	Purchase mortgages	58.7%	69.48%	n/a		51.3%
	Investment home loans	19.3%	40.5%		1.7%	100.0%
	Right to buy	0.0%	4.1%	8.8%	6.7%	0.0%
	Loans with no CCJs	93.9%	94.6%		78.4%	100.0%
	Self-certified loans	37.28%	52.3%		59.8%	0.0%
	Interest only	72.2%	74.8%	61.5%	59.2%	95.9%
Second mortgage	0%	0%	0%	0%	0%	

Source: Offering circulars, S&P, Moody's, Fitch

¹ Assumes CPR of 25%

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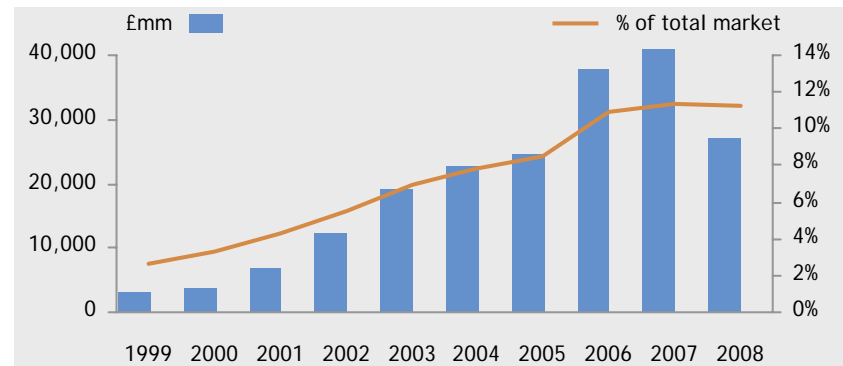
UK BTL mortgage market

BTL market – a niche market

- Compound annual growth in the balance of outstanding BTL loans identified has been 43% between 1999 and 2008
- With £138 billion outstanding, the BTL market constituted 11.2% of the outstanding mortgage market as at December 2008 (compared to 11.3% as at December 2007)

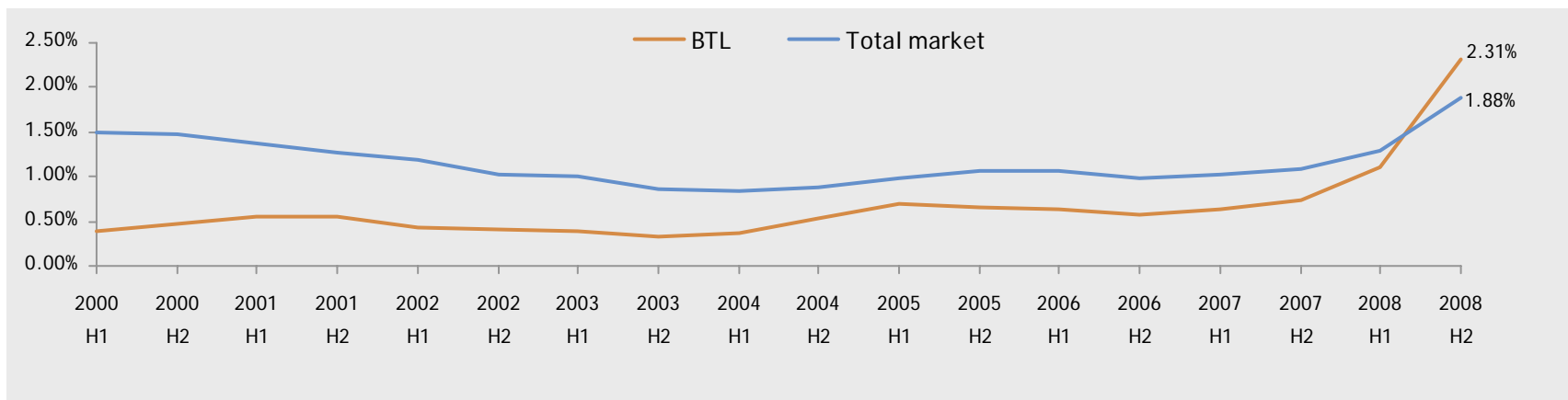
Source: CML

BTL issuance (Chart 1)



Source: CML

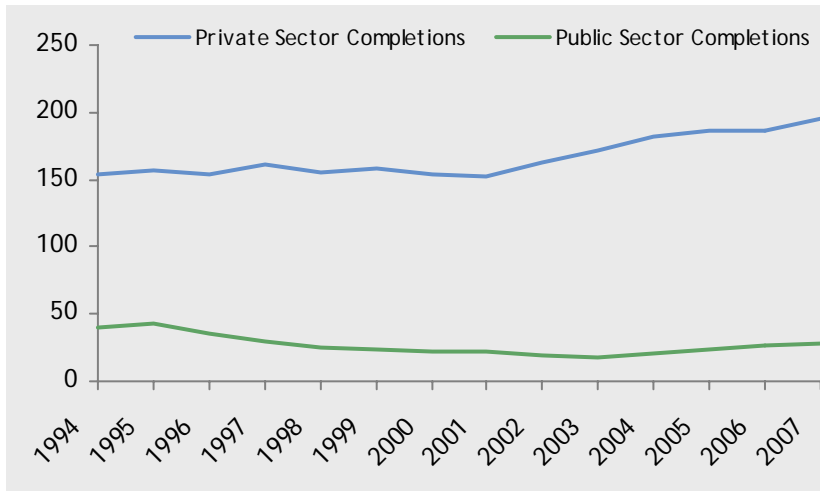
Loans three or more months in arrears (% of mortgages outstanding at the end of the period) (Chart 2)



Source: CML

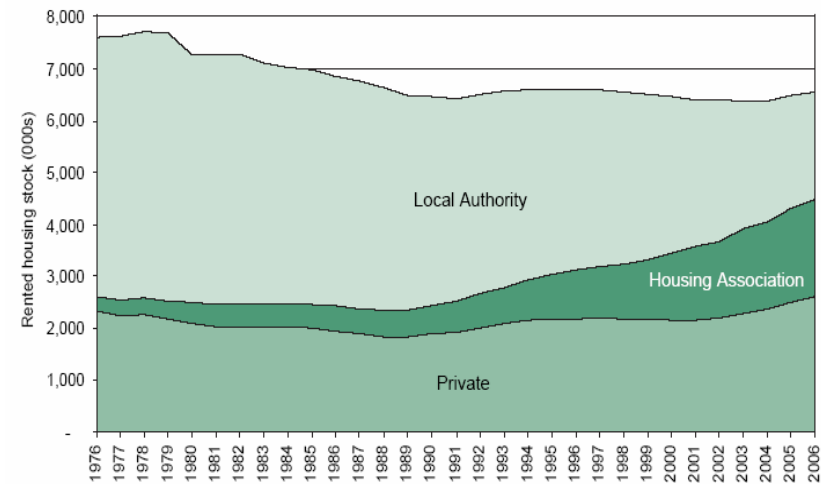
Public and private sector rented homes and house completions in the UK

Starts & Completions for house-building in the UK



Source: CML

Rented homes in England 1976-2006 (000s)



Source: Department of Communities and Local Government

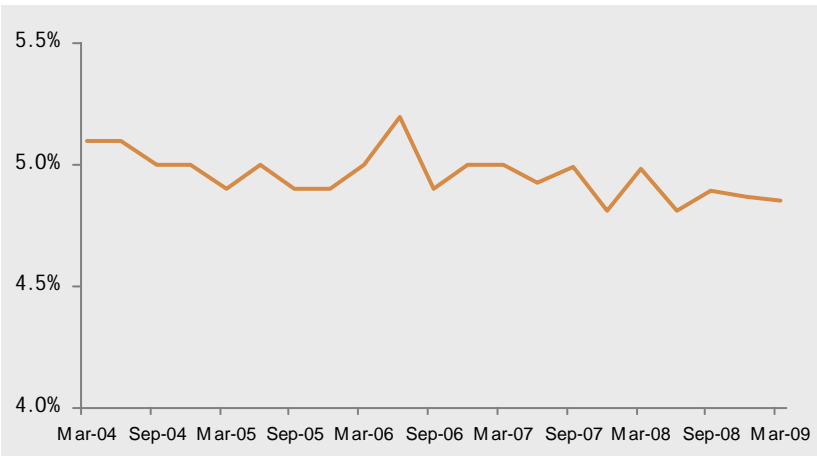
Commentary

- Since 1994, Public sector house building has declined from 40 thousand units to 28 thousand units per year
- House completions in the Private sector increased over the same period from 150 thousand to 195 thousand units per year
- Over the last 30 years, the decrease of the local authorities' share in the rental market was partially compensated by the increase of the private and housing association sectors

Source: CML

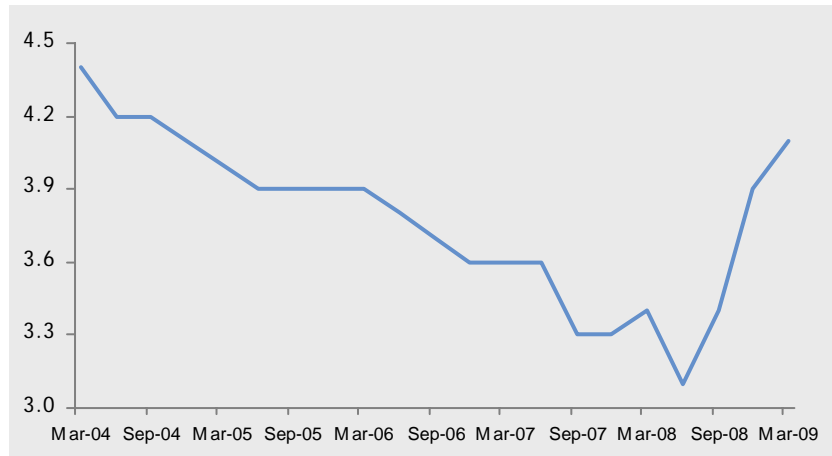
BTL rental yields

Average Rental Return (%)



Source: Association of Residential Letting Agents

Average void periods per year (weeks)



Source: Association of Residential Letting Agents

Commentary

- In 2009 Q1, average weighted rental returns for houses remain flat at 4.85% compared to 4.87% compared with the previous three months
- From 2004 to June 2008, the average void periods per year decreased by 29.5% from 4.4 to 3.1 weeks. From June 2008 until March 2009, the average void periods per year increased by 32.3% from 3.1 to 4.1 weeks

Source: Association of Residential Letting Agents

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