

DRAWDOWN PROSPECTUS DATED 23 APRIL 2018



Leeds Building Society

(incorporated in England under the Building Societies Act 1986 with Registered Number 320B)

GBP 200,000,000 Callable Fixed Rate Reset Subordinated Notes due April 2029 (the “Notes”)

issued pursuant to the £2,000,000,000 Euro Medium Term Note Programme (the “Programme”)

This drawdown prospectus (including the information incorporated by reference herein) constitutes a prospectus (the “**Prospectus**”) in respect of the Notes to be issued by Leeds Building Society (the “**Issuer**” or the “**Society**”) for the purposes of the Prospectus Directive (as defined below).

This Prospectus has been approved by the UK Financial Conduct Authority (the “**FCA**”) under Part VI of the Financial Services and Markets Act 2000 (the “**UK Listing Authority**”). Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (the “**Market**”). References in this Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

As at the date of this Prospectus, the Society has been assigned “A3/P-2” (stable) ratings for bank deposits and “A3” for senior unsecured debt by Moody’s Investors Service Ltd. (“**Moody’s**”) and an “A-/F1” (stable) rating for its senior unsecured debt by Fitch Ratings Ltd. (“**Fitch**”). Moody’s and Fitch are both established in the European Union and both entities are registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

The offer and sale of Notes may, in certain circumstances, be restricted by law. For a further description of certain restrictions on the offer and sale of the Notes, see the section headed “*Selling Restrictions*” in the Base Prospectus (as defined herein). Unless otherwise defined herein, capitalised terms used in this Prospectus have the meanings set out in the terms and conditions of the Notes set out in the Base Prospectus, as amended by this Prospectus.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in the Base Prospectus. The Base Prospectus does not describe all of the risks of an investment in the Notes.

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

It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Bank, the Trustee (as defined herein) or the Managers (as defined herein) in that regard.

Joint Lead Managers

NatWest Markets

Nomura

UBS Investment
Bank

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “Prospectus Directive”) and for the purpose of giving information with regard to the Issuer which, according to the particular nature of the Notes is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the Notes.

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

The Notes are expected to be rated Baa2 by Moody’s and BBB+ by Fitch. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

No person is or has been authorised to give any information or to make any representation other than as contained in this Prospectus in its entirety in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Society, The Royal Bank of Scotland plc (trading as NatWest Markets), Nomura International plc or UBS Limited (the “Managers”) or the Trustee (as defined in the base prospectus approved by the UK Listing Authority on 5 December 2017 relating to the Society’s £2,000,000,000 Euro Medium Term Note Programme (the “2017 Base Prospectus”), as supplemented by (i) the supplemental prospectus approved by the UK Listing Authority on 12 April 2018 (the “First Supplement”) and (ii) the supplemental prospectus approved by the UK Listing Authority on 18 April 2018 (the “Second Supplement” and together with the 2017 Base Prospectus and the First Supplement, the “Base Prospectus”). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Society since the date hereof. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Neither this Prospectus nor the issue of the Notes constitutes an offer of, or an invitation by or on behalf of, the Bank or the Managers or the Trustee to any person to subscribe for or purchase, the Notes.

To the fullest extent permitted by law, none of the Managers accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Managers or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “*Subscription and Sale*” as set out in the Base Prospectus.

As the Notes are to be issued in new global note (“NGN”) form, the Global Notes will be delivered on or prior to the original issue date to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”) and/or any other agreed clearing system. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Bearer Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*” as set out in the Base Prospectus.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered,

sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (“IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPS Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels. In connection with the issue of the Notes, The Royal Bank of Scotland plc (trading as NatWest Markets) acting as stabilising manager (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date of this Prospectus and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

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

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RISK FACTORS

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Prospective investors should have regard to the risk factors described under the section headed “Risk Factors” on pages 14 to 34 of the 2017 Base Prospectus, which are incorporated by reference into this Prospectus.

The risk factor headed “*The SRR may be triggered prior to insolvency of the Issuer*” on page 28 of the 2017 Base Prospectus shall be replaced with the following:

The SRR and/or capital write-down tool may be triggered prior to insolvency of the Issuer

The purpose of the stabilising options and the capital write-down powers is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may be exercised if (i) the relevant Authority is satisfied that a relevant entity (such as the Issuer) is failing or is likely to fail, (ii) having regard to timing and other relevant circumstances, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those conditions, (iii) the relevant Authority consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors) and (iv) the relevant Authority considers that the specific resolution objectives would not be met to the same extent by the winding up of the relevant entity.

It is therefore possible that one or more of the stabilisation options could be applied prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

The European Banking Authority (the “EBA”) has published guidelines on the circumstances in which an institution shall be deemed as “failing or likely to fail” by supervisors and resolution authorities. The guidelines set out the objective criteria which should apply when supervisors and Authorities make such a determination.

Although the Banking Act provides for conditions to the exercise of any resolution powers and the EBA guidelines set out the objective elements for determining whether an institution is failing or likely to fail, it is uncertain how the Authorities would assess such conditions in any particular situation. The relevant Authorities are also not required to provide any advance notice to Noteholders of their decision to exercise any resolution power. Therefore, Noteholders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer or the Notes.

The following additional risk factors shall apply to the Notes:

The UK Banking Act 2009 confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit-taking institutions which are considered to be at risk of failing. The exercise of any of these actions in relation to the Issuer or any Notes could materially adversely affect the value of any Notes and/or the rights of Noteholders

Under the UK Banking Act 2009 as amended (the “Banking Act”), substantial powers are granted to HM Treasury, the Bank of England acting as the PRA, the FCA and the Bank of England (together, the

“**Authorities**”) as part of a SRR. These powers enable the Authorities to deal with, amongst other entities, a UK bank or building society (each a “**relevant entity**”) in circumstances in which the Authorities consider that the resolution conditions are satisfied, through a series of stabilisation options.

The stabilisation options which may be commenced by the Authorities are: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a “bridge bank” established by the Bank of England; (iii) transfer to an asset management vehicle; (iv) temporary public ownership (nationalisation) of the relevant entity as well as powers to convert a building society into a company in connection with a bail-in; and (v) a bail-in tool which permits the Bank of England to (a) cancel, modify or convert the form of a liability owed by a relevant entity or provide that a contract under which, amongst others, a relevant entity has a liability is to have effect as if a specified right had been exercised under it or (b) transfer securities issued by a relevant entity to a bail-in administrator.

In each case, the Authorities have wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

The BRRD also provides that a Member State as a last resort, after having assessed and used the above resolution tools to the maximum extent practicable whilst maintaining financial stability, and where certain other mandatory conditions of the BRRD have been satisfied, may provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

In addition, the Banking Act contains a separate power, often referred to as the “capital write-down tool”, enabling the Authorities to cancel or transfer common equity tier 1 instruments away from the original owners, or write down (including to nil) an institution’s Additional Tier 1 and Tier 2 capital instruments, or to convert them into common equity tier 1 instruments (which, in the case of the Issuer, could be core capital deferred shares), if the Authorities consider that the institution or the group is at the “point of non-viability” and certain other conditions are met. The capital write-down tool must be applied before any of the stabilisation options provided for in the SRR may be used, and may be used whether or not the institution subsequently enters into resolution. The Notes would be subject to the capital write-down tool.

Accordingly, the use of any stabilisation powers in respect of the Issuer may have an adverse effect on the Issuer’s ability to perform its obligations in respect of the Notes, and the use of any stabilisation powers and/or the capital write-down tool in respect of Notes themselves may impact the market price of the Notes and/or may adversely affect the rights of Noteholders in respect of their Notes. These risks are discussed further in the following paragraphs.

Mandatory write-down and conversion of capital instruments may affect the Notes

In addition to the stabilisation options which may be used in a resolution of an institution, the Banking Act contains a capital write-down tool which enables (and, if the institution enters into resolution, requires) the relevant Authorities permanently to write-down, or convert into common equity tier 1 instruments (which, in the case of the Issuer, could be core capital deferred shares), any Tier 1 capital instruments and Tier 2 capital instruments at the point of non-viability of the relevant entity and before or together with the exercise of any stabilisation power.

For the purposes of the application of such mandatory write-down and conversion power, the point of non-viability is the point at which the relevant Authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or that the relevant entity will no longer be viable unless the relevant capital instruments are written-down or converted or the relevant entity requires

extraordinary public support without which, the relevant Authority determines that, the relevant entity would no longer be viable.

The Notes may therefore be subject to write-down or conversion into equity on application of such powers (without requiring the consent of the holders thereof), which may result in the holders losing some or all of their investment. The "no creditor worse off" safeguard would not apply in relation to an application of such powers in circumstances where resolution powers are not also exercised.

The exercise of such mandatory write-down and conversion power under the Banking Act could, therefore, materially adversely affect the rights of holders of Notes, and such exercise (or the perception that such exercise may occur) could materially adversely affect the price or value of their investment in Notes and/or the ability of the Issuer to satisfy its obligations under the Notes, and/or may adversely affect liquidity and/or volatility in any market for such Notes.

The circumstances under which the relevant Authorities would exercise resolution powers are uncertain, which may affect the value of the Notes

There is considerable uncertainty regarding the specific factors beyond the goals of addressing banking crises pre-emptively and minimising taxpayers' exposure to losses (for example, by writing down relevant capital instruments before the injection of public funds into a financial institution) which the relevant Authorities would consider in deciding whether to exercise the Banking Act resolution powers with respect to the relevant financial institution and/or securities, such as the Notes, issued by that institution. While the Banking Act provides some guidance as to how and when the resolution powers may be utilised by the relevant Authorities, the Banking Act and the BRRD (which has been transposed into English Law by amendments to the Banking Act) allow for discretion and there is no certainty as to how the relevant Authorities will exercise any resolution powers with respect to a financial institution and/or securities issued by that institution. As there may be many factors, including factors outside of the Issuer's control or not directly related to it, which could result in such a determination, holders of the Notes may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such resolution powers.

Accordingly, the threat of resolution powers being used may affect trading behaviour, including prices and volatility, and, as a result, the Notes are not necessarily expected to follow the trading behaviour associated with other types of securities.

The credit ratings may not be reliable, and changes to the credit ratings could affect the value of the Notes

The credit ratings of the Notes may not reflect the potential impact of all risks relating to the value of the Notes. In addition, real or anticipated changes in the credit ratings of the Issuer or the Notes will generally affect the market value of the Notes. These credit ratings could change due to a wide range of factors. Further, one or more credit rating agencies may from time to time release unsolicited credit ratings reports in relation to the Notes without the consent or knowledge of the Issuer. The Issuer does not have any control over such reports or analyses and any adverse credit rating of any Notes could adversely affect the value of Notes.

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (i) the audited consolidated financial statements of the Issuer for each of the financial years ended 31 December 2015, 2016 and 2017, respectively, (together in each case with the audit report thereon and the annual business statement and the directors' report in respect of each such year),
- (ii) the 2017 Base Prospectus except for (a) the documents incorporated by reference therein, (b) the section entitled "*Documents Incorporated by Reference*" as set out on pages 5 and 6 thereof, (c) the section entitled "*Form of Final Terms*" as set out on pages 84 to 91 thereof and (d) the section entitled "*General Information*" as set out on pages 92 to 95 thereof which shall not be deemed to be incorporated into this Prospectus;
- (iii) the First Supplement, which updates the section of the Base Prospectus entitled "Leeds Building Society" to include additional financial measures presented by the Issuer as at and for the financial year ended 31 December 2017, includes a new "Significant or Material Change" statement and includes disclaimers in relation to MiFID II; except the following which shall not be deemed to be incorporated into this Prospectus:
 - (a) the documents incorporated by reference therein,
 - (b) the section entitled "*Documents Incorporated by Reference*" and
 - (c) the section entitled "*General Information*"; and
- (iv) the Second Supplement, which corrects a manifest error contained in the First Supplement

all of which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Conduct Authority or filed with it.

The 2017 Base Prospectus contains, amongst other information incorporated by reference into this Prospectus: risk factors relating to the Society and the Notes (on pages 14 to 34 of the 2017 Base Prospectus), terms and conditions of the notes (on pages 35 to 63 of the 2017 Base Prospectus), information on the Society (on pages 71 to 77 of the 2017 Base Prospectus) and details of the directors of the Society (on pages 72 to 74 of the 2017 Base Prospectus) (including a statement regarding conflicts of interests of such directors on pages 73 and 74 of the 2017 Base Prospectus).

Such documents shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any document which is incorporated by reference into any of the documents deemed to be incorporated in, and form part of, this Prospectus shall not constitute a part of this Prospectus. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Copies of documents deemed to be incorporated by reference in this Prospectus will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer or can be accessed on the Issuer's website at <http://www.leedsbuildingsociety.co.uk>. The other contents of the Issuer's website are not incorporated into, and do not form part of, this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained without charge from the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

The table below sets out the relevant page references for the audited consolidated statements for the financial years ended 31 December 2015, 2016 and 31 December 2017, as set out in the Issuer's Annual Report & Accounts for the years ended 31 December 2015, 2016 and 31 December 2017. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Prospectus.

Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2015

Leeds Building Society Annual Report & Accounts 2015

Directors' Report	Pages 42-43
Auditors' Report	Pages 74-77
Income Statements	Page 78
Statements of Comprehensive Income	Page 79
Statements of Financial Position	Page 80
Statement of Changes in Members' Interest	Page 81
Statements of Cash Flows	Page 82
Notes to the Accounts	Pages 83-130
Annual Business Statement	Pages 131-133

Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016

Leeds Building Society Annual Report & Accounts 2016

Directors' Report	Pages 40-41
Auditors' Report	Pages 78-83
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Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2017

Leeds Building Society Annual Report & Accounts 2017

Directors' Report	Pages 52-53
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TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as set out in the section of the 2017 Base Prospectus relating to the Issuer's £2,000,000,000 Euro Medium Term Note Programme entitled "*Terms and Conditions of the Notes*" (the "**2017 Base Conditions**") which is incorporated by reference herein as supplemented by the final terms set out in Part A below:

FINAL TERMS

Final Terms dated 23 April 2018

LEEDS BUILDING SOCIETY

**Issue of £200,000,000 Callable Fixed Rate Reset Subordinated Notes due April 2029
under the £2,000,000,000 Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPS Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Terms used herein shall be deemed to be defined as such for the purposes of the 2017 Base Conditions. The Base Prospectus constitutes a base prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus as so supplemented. 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 <http://www.leedsbuildingsociety.co.uk> and copies will be available at the registered office of the Issuer at 105 Albion Street, Leeds LS1 5AS.

1	(i)	Series Number:	1
	(ii)	Tranche Number:	1
2		Specified Currency or Currencies:	Pounds sterling (“£”)
3		Aggregate Nominal Amount of Notes:	
	(i)	Series:	£200,000,000
	(ii)	Tranche:	£200,000,000
4		Issue Price:	99.357 per cent. of the Aggregate Nominal Amount
5	(i)	Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000
	(ii)	Calculation Amount:	£1,000
6	(i)	Issue Date:	25 April 2018
	(ii)	Interest Commencement Date:	Issue Date
7		Maturity Date:	25 April 2029
8		Interest Basis:	Fixed Rate Reset
9		Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
10		Change of Interest Basis:	Not Applicable
11		Put/Call Options:	Issuer Call
12	(i)	Status of the Notes:	Subordinated in accordance with Condition 3(b) as modified by the Annex hereto
	(ii)	Set-Off:	Condition 3(c) applies as modified by the Annex hereto
	(iii)	Date approval by committee of the Board of Directors for issuance of Notes obtained:	22 March 2018 and 17 April 2018. Further approval expected on 23 April 2018.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13		Fixed Rate Note Provisions	Not Applicable
14		Fixed Rate Reset Note Provisions	Applicable
	(i)	Initial Rate of Interest:	3.750 per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	25 April and 25 October in each year from and including 25 October 2018 to and including the Maturity Date
	(iii)	Broken Amount(s):	Not Applicable
	(iv)	Day Count Fraction:	Actual/Actual (ICMA)
	(v)	Determination Date:	25 April and 25 October in each year
	(vi)	Party responsible for calculating the Rate of Interest	HSBC Bank plc

	and/or Interest Amount (if not the Agent):	
(vii)	Reset Date:	25 April 2028
(viii)	Subsequent Reset Reference Rate:	Mid-Swaps
(ix)	Initial Credit Spread:	2.29 per cent. per annum
(x)	Step-Up Margin:	Not Applicable
(xi)	Subsequent Reset Rate Screen Page:	Bloomberg page “BPSW1 CMPL”
(xii)	Mid Swap Maturity:	6 months
(xiii)	Reset Determination Date:	The second Business Day prior to the commencement of the applicable Reset Period
(xiv)	Subsequent Reset Rate Time:	11:00a.m. (London time)
15	Floating Rate Note Provisions	Not Applicable
16	Zero Coupon Note Provisions	Not Applicable
PROVISIONS RELATING TO REDEMPTION		
17	Redemption for Taxation Reasons	Applicable in accordance with condition 6(c) as modified by the Annex hereto
18	Call Option	Applicable
	(i) Optional Redemption Date:	25 April 2028
	(ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount:	£1,000 per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice Period:	Minimum period: 15 days Maximum period: 30 days
19	Redemption Upon Capital Disqualification Event	Applicable in accordance with Condition 6(f) as modified by the Annex hereto
20	Put Option	Not Applicable
21	Final Redemption Amount of each Note:	£1,000 per Calculation Amount
22	Early Redemption Amount	Applicable
	Early Redemption Amount per Calculation Amount payable on	£1,000 per Calculation Amount

redemption for taxation reasons or on event of default or other early redemption:

- | | | |
|----|------------------------|--|
| 23 | Purchases | Condition 6(g) applies as modified by the Annex hereto |
| 24 | Supervisory Permission | The Issuer right to redeem or purchase Subordinated Notes pursuant to Conditions 6(c), 6(d), 6(f) or 6(g) (Purchases) is subject to Condition 6(i) as modified by the Annex hereto |

ENFORCEMENT AND MODIFICATION

- | | | |
|----|--------------------------------|---|
| 25 | Enforcement | Condition 10(b) applies as modified by the Annex hereto |
| 26 | Modification of the Trust Deed | Condition 11(b) applies as modified by the Annex hereto |

TRUST DEED

- | | | |
|----|-------------------------|--|
| 27 | Supplemental Trust Deed | The Issuer will enter into a supplemental trust deed (the “ Supplemental Trust Deed ”) supplementing and amending the trust deed dated 5 December 2017 (“ 2017 Trust Deed ”) to give effect to the modifications made to the 2017 Conditions by the final terms set out herein. References to “the Trust Deed” herein and in the 2017 Conditions (as supplemented and modified by these final terms) shall mean the 2017 Trust Deed, as supplemented and amended by the Supplemental Trust Deed. |
|----|-------------------------|--|

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|----|--|--|
| 27 | Form of Notes: | Bearer Notes:

Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note |
| 28 | New Global Note/NSS: | Yes |
| 29 | Financial Centre(s) or other special provisions relating to payment dates: | Not Applicable |
| 30 | Talons for future Coupons (and dates on which such Talons mature): | No |
| 31 | US Selling Restrictions: | Reg. S Compliance Category: 2, TEFRA D |

THIRD PARTY INFORMATION

Not Applicable

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND TRADING

- (i) Admission to listing and to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's regulated market with effect from 25 April 2018.
- (ii) Estimate of total expenses related to admission to trading: £5,250

2 RATINGS

- Ratings: The Notes to be issued are expected to be rated:
Moody's: Baa2
Fitch: BBB+

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its/affiliates in the ordinary course of business.

4 YIELD 3.865 per cent. per annum

- Indication of yield: The yield is calculated at the Issue Date on the basis of the Initial Rate of Interest and the Issue price. It is not an indication of future yield.

5 OPERATIONAL INFORMATION

- ISIN: XS1812121876
- Common Code: 181212187
- Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- Delivery: Delivery against payment
- Names and addresses of initial Paying Agent(s): HSBC Bank plc
8 Canada Square
London E14 5HQ
- Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- Names and addresses of Managers: The Royal Bank of Scotland plc (trading as NatWest Markets)
250 Bishopsgate
London EC2M 4AA

Nomura International plc
1 Angel Lane
London EC4R 3AB

UBS Limited
5 Broadgate
London EC2M 2QS
United Kingdom

Intended to be in a manner which would allow Eurosystem eligibility:

No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

ANNEX

For the purposes of these final terms, the following modifications apply to the 2017 Conditions.

1. Condition 3(b) of the 2017 Conditions shall be deleted in its entirety and replaced with the following text:

Status of Subordinated Notes

The Subordinated Notes (being those Notes that specify their status as Subordinated) and the Coupons relating to them constitute direct and unsecured obligations of the Issuer and, in the event of the winding up or dissolution of the Issuer (other than an Excluded Dissolution), rank and will rank *pari passu* and without any preference among themselves, at least equally with the claims of the holders of all other subordinated obligations of the Issuer which constitute or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer from time to time outstanding but will rank ahead of the holders of any subordinated obligations whose claims rank or are expressed to rank junior to the Subordinated Notes or the related Coupons, as the case may be, and for the avoidance of doubt, ahead of all claims in respect of any Deferred Shares (as defined below) in the Issuer.

In the event of the winding up or dissolution of the Issuer (other than an Excluded Dissolution), the claims of the Trustee, the Noteholders and the Couponholders against the Issuer in respect of the Subordinated Notes or the related Coupons (including, without limitation, any damages awarded for breach of any obligations hereunder), as the case may be, will be subordinated, as provided in the Trust Deed, to the Senior Claims. In such event, the claims of the Noteholders and the Couponholders against the Issuer in respect of the Subordinated Notes will become due and payable and capable of proof in such winding up or dissolution, but only to the extent that assets will remain available in such winding up or dissolution after all Senior Claims on the Issuer have been satisfied in full or full provision therefor has been made. Accordingly, no payments of amounts due in respect of the Subordinated Notes and the related Coupons together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Subordinated Notes including any damages awarded for breach of any obligations, will be made to the Noteholders and the Couponholders following the commencement of any such winding up or dissolution of the Issuer except where all sums due from the Issuer in respect of all Senior Claims are paid in full or full provision has been made therefor. Any amounts paid to the Trustee in any such winding up or dissolution of the Issuer will be held on trust for distribution in satisfaction of the Senior Claims to the extent (if any) not fully paid and thereafter in or towards payment of the amounts due under the Subordinated Notes and the related Coupons together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Subordinated Notes including any damages awarded for breach of any obligations, as the case may be.

“**Deferred Shares**” means deferred shares within the meaning of the Act (as defined in Condition 10(a))

“**Excluded Dissolution**” means each of (i) a winding up or dissolution of the Issuer for the purpose of a reconstruction, union, transfer, merger or amalgamation or the substitution in place of the Issuer of a successor in business the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, and (ii) a dissolution of the Issuer following, or in connection with, a Permitted Reorganisation whereby the Successor Entity is substituted in place of the Issuer as principal debtor under the Trust Deed, the Notes and any related Coupons;

“**Permitted Reorganisation**” means any of:

- (i) an amalgamation of the Issuer and one or more other building societies under section 93 of the Act (or any successor provision thereto);

- (ii) a transfer by the Issuer of all or substantially all of its engagements under section 94 of the Act (or any successor provision thereto);
- (iii) a transfer by the Issuer of the whole of its business to a company under sections 97 to 102D of the Act (or any successor provisions thereto);
- (iv) a transfer by the Issuer of the whole of its business to a subsidiary of a mutual society pursuant to any order made by HM Treasury under section 3 of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (the “**2007 Act**”) (or any successor provisions thereto); or
- (v) an alteration in the status of the Issuer by virtue of any statute or statutory provision which alters, or permits the alteration of, the status of building societies generally or building societies which meet specified criteria to another type of body authorised under the Financial Services and Markets Act 2000 as amended, consolidated or re-enacted from time to time (the “**FSMA**”) or to a body which is regulated on a similar basis to an authorised person under the FSMA;

“**Senior Claims**” means all claims in respect of deposits with, or loans to, the Issuer, all claims of creditors in respect of unsubordinated obligations of the Issuer and all claims of creditors in respect of subordinated obligations of the Issuer (other than claims in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital, or which would otherwise rank, *pari passu* with, or junior to, the claims in respect of Subordinated Notes);

“**Successor Entity**” means:

- (i) (in respect of an amalgamation of the Issuer and one or more other building societies under section 93 of the Act (or any successor provision thereto)), the resulting building society;
- (ii) (in respect of a transfer by the Issuer of all or substantially all of its engagements under section 94 of the Act (or any successor provision thereto), a transfer by the Issuer of the whole of its business to a company under sections 97 to 102D of the Act (or any successor provisions thereto) or a transfer of the whole of its business to a subsidiary of a mutual society pursuant to any order made by HM Treasury under section 3 of the 2007 Act (or any successor provisions thereto)), the relevant transferee; or
- (iii) (in respect of an alteration in the status of the Issuer by virtue of any statute or statutory provision which alters, or permits the alteration of, the status of building societies generally or building societies which meet specified criteria to another type of body authorised under the FSMA or to a body which is regulated on a similar basis to an authorised person under the FSMA), the resulting authorised person under the FSMA or, as the case may be, the resulting body which is regulated on a similar basis to an authorised person under the FSMA.

“**Tier 1 Capital**” and “**Tier 2 Capital**” have the respective meanings given thereto by the Supervisory Authority in accordance with the Applicable Rules (as defined in Condition 6(i)).

2. Condition 3(c) of the 2017 Conditions shall be deleted in its entirety and replaced with the following text:

No Set-off

Subject to applicable law, no holder of Subordinated Notes may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes, the relative Coupons and each Noteholder and Couponholder of any Subordinated Note shall, by

virtue of being the holder of any such Subordinated Note or Coupon, be deemed to have waived all such rights of set-off. Notwithstanding the provision of the foregoing sentence, if any of the said rights and claims of any Noteholder or Couponholder of Subordinated Notes against the Issuer is discharged by set-off, such Noteholder or Couponholder of Subordinated Notes will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of the winding up or dissolution of the Issuer, the liquidator of the Issuer and accordingly such discharge will be deemed not to have taken place.

3. Condition 6(c) of the 2017 Conditions shall be deleted in its entirety and replaced with the following text:

Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of such notice referred to below that (i) as a result of any change in or amendment to the laws or regulations of the United Kingdom or any political sub-division of, or any authority in, or of, the United Kingdom having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant series, on the next Interest Payment Date the Issuer would be required (A) to pay additional amounts as described under Condition 8 or (B) to account to any taxing authority in the United Kingdom for any amount other than tax withheld or deducted from interest payable on the Notes calculated by reference to any other amount payable in respect of the Notes and (ii) such requirement is continuing and cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, at its option (but subject to Condition 6(i) in the case of Subordinated Notes) having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable) redeem all, but not some only, of the Notes on any Interest Payment Date (if this Note is a Floating Rate Note), at any time (if this Note is not a Floating Rate Note) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption). Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Persons (as defined in the Trust Deed) of the Issuer stating that the relevant requirements referred to above will apply on the next Interest Payment Date and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

4. Condition 6(f) of the 2017 Conditions shall be deleted in its entirety and replaced with the following text:

Redemption Upon Capital Disqualification Event

If this Condition 6(f) is specified as being applicable hereon, then, following the occurrence of a Capital Disqualification Event (as defined below), the Issuer may (subject to Condition 6(i) (*Supervisory Permission*)) on giving not less than thirty nor more than sixty days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Trustee (with a copy to the Principal Paying Agent) and to the Noteholders in accordance with Condition 15, redeem all, but not some only, of the Subordinated Notes at the Capital Disqualification Event Early Redemption Price specified hereon, together with interest accrued and unpaid, if any, to the date fixed for redemption.

Prior to giving the above notice to the Trustee pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that a Capital Disqualification Event has occurred and is continuing, and the Trustee shall accept such certificate

without further inquiry as sufficient evidence of the same and it shall be conclusive and binding on the Noteholders.

For these purposes, a "**Capital Disqualification Event**" shall be deemed to have occurred if there is a change (which has occurred or which the Supervisory Authority considers to be sufficiently certain) in the regulatory classification of the Subordinated Notes which becomes effective after the Issue Date, that results, or would be likely to result, in the Subordinated Notes being fully or partially excluded from the Tier 2 Capital of the Issuer.

5. Condition 6(g) of the 2017 Conditions shall be deleted in its entirety and replaced with the following text:

Purchases

The Issuer and any of its Subsidiaries (as defined in the Trust Deed) (subject to obtaining Supervisory Permission therefor in the case of Subordinated Notes) may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

6. Condition 6(i) of the 2017 Conditions shall be deleted in its entirety and replaced with the following text:

Supervisory Permission

The Issuer's right to redeem or purchase Subordinated Notes pursuant to Conditions 6(c) (*Redemption for Taxation Reasons*), 6(d) (*Redemption at the Option of the Issuer*), 6(f) (*Redemption Upon Capital Disqualification Event*) or 6(g) (*Purchases*) is subject to:

- (i) the Issuer obtaining prior Supervisory Permission therefor;
- (ii) in the case of any redemption or purchase, either: (A) the Issuer having replaced the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) the Issuer having demonstrated to the satisfaction of the Supervisory Authority that the own funds of the Issuer would, following such redemption or purchase, exceed its minimum capital requirements (including any capital buffer requirements) by a margin that the Supervisory Authority considers necessary at such time; and
- (iii) in the case of any redemption prior to the fifth anniversary of the Issue Date, (A) in the case of redemption upon a Taxation Event, the Issuer has demonstrated to the satisfaction of the Supervisory Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date, or (B) in the case of redemption upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Supervisory Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

Notwithstanding the above conditions, if, at the time of any redemption or purchase, the prevailing Applicable Rules permit the repayment or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(i), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of redemption in respect of Subordinated Notes pursuant to this Condition 6 (other than redemption pursuant to Condition 6(d)), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied and the Trustee shall accept (without further enquiry) such

certificate as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Noteholders.

In these Conditions:

"Applicable Rules" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction) including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as implementing or regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Supervisory Authority from time to time;

"Supervisory Authority" means the Prudential Regulation Authority and any successor organisation responsible for the prudential supervision of building societies or authorised persons under the FSMA in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction);

"Supervisory Permission" means, in relation to any action in respect of any Subordinated Notes, any required permission of the Supervisory Authority for such action under the prevailing Applicable Rules; and

"Taxation Event" means any of the applicable events or circumstances set out in item (i) of Condition 6(c) (*Redemption for Taxation Reasons*).

7. Condition 10(b) of the 2017 Conditions shall be deleted in its entirety and replaced with the following text:

Subordinated Notes and Enforcement

- (i) In the event of default being made for a period of seven days or more in the payment of any principal or interest in respect of the Subordinated Notes or any of them, in each case as and when the same ought to be paid, the Trustee may, in order to enforce the obligations of the Issuer under the Trust Deed, the Subordinated Notes and Coupons, at its discretion without further notice, institute proceedings for the winding up of the Issuer and prove in such winding up but may take no other action in respect of such default (except as provided in (ii) below).
- (ii) In the event of a winding up or dissolution of the Issuer (other than an Excluded Dissolution), whether or not instituted by the Trustee pursuant to (i) above, the Trustee may give notice to the Issuer (or the relevant official presiding over such winding up or dissolution) that the Subordinated Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount, and shall claim and/or prove in such winding up or dissolution in respect of the Subordinated Notes (such claim ranking as provided in Condition 3(b) and in the Trust Deed).
- (iii) Without prejudice to (i) and (ii) above, the Trustee may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or the Subordinated Notes or Coupons (other than any obligation for the payment of any principal or interest in respect of the Subordinated Notes or Coupons including any damages awarded for breach of any obligations) provided that the Issuer shall not by virtue of the institution of any such proceedings (other than proceedings for the winding up of the Issuer) be obliged to pay any sum or sums including any damages awarded for breach of any obligations in respect of the Subordinated Notes or Coupons sooner than the same would otherwise have been payable by it.

- (iv) The Trustee shall not be bound to take any of the actions referred to above to enforce the obligations of the Issuer under the Trust Deed and the Subordinated Notes and Coupons, unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Subordinated Notes then outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing. No such holder shall be entitled to institute proceedings for the winding up of the Issuer, or to prove in any winding up or dissolution of the Issuer, except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so, or, being able to prove in any winding up of the Issuer, fails to do so, then any such holder may institute proceedings for the winding up of the Issuer and/or prove in any winding up or dissolution of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do in respect of such Notes and/or Coupons held by him.
- (v) No remedy against the Issuer, other than as referred to in this Condition 10(b), shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Subordinated Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Subordinated Notes or under the Trust Deed. Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

8. Condition 11(b) of the 2017 Conditions shall be deleted in its entirety and replaced with the following text:

Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

To the extent applicable to the Subordinated Notes, no modification to these Conditions or any other provisions of the Trust Deed shall become effective unless (if and to the extent required at the relevant time by the Supervisory Authority) the Issuer shall have given at least 30 days' prior written notice of such modification to, and received the Supervisory Permission therefor from, the Supervisory Authority (or such other period of notice as the Supervisory Authority may from time to time require or accept).

GENERAL INFORMATION

1. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on its regulated market which is a regulated market for the purpose of MiFID. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules.
2. The Society has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Notes. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 5 August 2002 and a resolution of a duly constituted committee of such Board passed on 19 August 2002. The update of the Programme was authorised by resolutions of the Board passed on 30 November 2017. By further resolution also passed on 4 December 2017 the Board of Directors of the Issuer renewed its authority to the committee of the Board established in August 2006 to authorise each issue of notes under the Programme.
3. There has been no significant change in the financial or trading position of the Group since 31 December 2017 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2017.
4. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus, which may have or has had in the recent past a significant effect on the financial position or profitability of the Issuer and/or the Group.
5. Each Bearer Note having a maturity of more than one year, and any Coupon or Talon with respect to such a Bearer Note will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
7. The Issuer does not intend to provide any post issuance information in relation to any issue of Notes.
8. The following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer:
 - 7.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
 - 7.2 the Agency Agreement;
 - 7.3 the Rules and Memorandum of the Issuer;
 - 7.4 the published annual report and audited consolidated financial statements of the Issuer for the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017, respectively; and.

7.5 a copy of this Prospectus together with the Second Supplement, the First Supplement and the 2017 Base Prospectus.

9. This Prospectus will be published on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com.
10. Copies of the latest annual report and audited consolidated financial statements of the Issuer may be obtained, and copies of the Trust Deed and the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
11. Deloitte LLP (registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales) whose address is 1 City Square, Leeds LS1 2AL, have audited, and rendered unqualified audit reports on, the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2015, 2016 and 31 December 2017, respectively.
12. Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Managers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED OFFICE OF THE SOCIETY

105 Albion Street
Leeds LS1 5AS

TRUSTEE

The Law Debenture Trust Corporation p.l.c.

Fifth Floor
100 Wood Street
London EC2V 7EX

ISSUING AND PAYING AGENT, TRANSFER AGENT AND CALCULATION AGENT

HSBC Bank plc

8 Canada Square
London E14 5HQ

PAYING AGENT AND TRANSFER AGENT

Banque Internationale à Luxembourg, société anonyme

69, route d'Esch
L-2953 Luxembourg

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Manchester M2 4LQ

LEGAL ADVISERS TO THE MANAGERS

Linklaters

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