

Counterparties

Servicer	Newcastle Building Society
Cash Manager	Newcastle Building Society
Interest Rate Swap Provider	Newcastle Building Society
Bank Account Provider	Barclays Bank plc

Asset Coverage Test

A = (Arrears Adjusted True Balance)	609,811,831
B = (Principle collections not applied)	0
C = (Cash Capital Contributions)	0
D = (Substitution Assets)	0
Y= (For Set-off Risk)	43,096,074
Z = (Potential negative carry on funds held in GIC from sale of assets)	18,925,000
Total: A+B+C+D-(Y+Z)	547,790,756
Principal Amount Outstanding	500,000,000
	PASS
Method Used for Calculating "A" (Note 1)	A (ii)
Amount of Credit Support (Note 2)	47,790,756
Asset Percentage	89.00%

Notes

- 1 (i) aggregate Adjusted True Balance less deemed reductions
(ii) aggregate Arrears Adjusted True Balance less deemed reductions multiplied by the Asset Percentage

- 2 Result of the over-collateralisation in the ACT

Cash Ledgers

Revenue Ledger	2,124,019
Principal Ledger	22,178,149
Reserve Ledger	1,856,595
Coupon Ledger	430,800
Capital Account Ledger - Newcastle Building Society	0
Intercompany Loan Ledger	0
Total	26,589,563

GIC Account	24,732,375
Reserve GIC Account	1,856,595
Transaction Account	593
Substitution Assets	0
Authorised Investments	0
Total	26,589,563

Credit Ratings

	Short Term (Moody, Fitch)	Long Term (Moody, Fitch)
Newcastle Building Society Covered Bonds	Aaa/AAA	Aaa/AAA
Newcastle Building Society	P-2/F3	Baa2/BBB-

NBS Event of Default?	NO
LLP Event of Default?	NO

Mortgage Portfolio

Number of Mortgage Loans in Pool	9,286
Number of Individual Mortgage Accounts in Pool	14,506
Current Balance	685,181,832

Portfolio Characteristics

Weighted Average Seasoning (by value) in Months	65.4
Weighted Average Remaining Term (by value) in Years	14.0
Average Loan Size	73,787
Weighted Average LTV (by value)	45.37%
Weighted Average Indexed LTV (by value)	42.80%

Indexed LTV Levels Breakdown

	Number	Number %	Value	% of Total
0% < 25%	3,469	37.4%	121,571,192	17.7%
>=25% < 50%	3,958	42.6%	318,922,261	46.6%
>=50% < 55%	473	5.1%	57,644,851	8.4%
>=55% < 60%	442	4.8%	55,715,111	8.1%
>=60% < 65%	354	3.8%	47,451,924	6.9%
>=65% < 70%	282	3.0%	38,229,446	5.6%
>=70% < 75%	191	2.1%	27,858,118	4.1%
>=75% < 80%	98	1.1%	15,399,487	2.3%
>=80% < 85%	17	0.2%	2,036,327	0.3%
>=85% < 90%	2	0.0%	353,116	0.1%
>=90% < 95%	0	0.0%	0	0.0%
Other	0	0.0%	0	0.0%
Total	9,286	100.0%	685,181,832	100.0%

Geographic Analysis

	Number	Number %	Value	% of Total
East Anglia	114	1.2%	9,224,123	1.3%
East Midlands	485	5.2%	35,300,499	5.2%
London	600	6.5%	79,506,135	11.6%
North	3,193	34.4%	173,989,213	25.4%
North West	819	8.8%	62,329,547	9.1%
Scotland	981	10.6%	56,426,774	8.2%
South East	1,082	11.7%	122,988,915	17.9%
South West	393	4.2%	35,473,782	5.2%
Wales	140	1.5%	10,425,858	1.5%
West Midlands	399	4.3%	34,611,336	5.1%
Yorks and Humber	1,080	11.6%	64,905,651	9.5%
Total	9,286	100.0%	685,181,832	100.0%

Repayment Method

	Accounts	Balance Outstanding	% of Total
Interest Only	2,144	182,328,323	26.6%
Part & Part	1,741	140,679,698	20.5%
Repayment	5,401	362,173,811	52.9%
Total	9,286	685,181,832	100.0%

Arrears Analysis

	Cases	Balance Outstanding
0-3 Mths	9,286	685,181,832
3-6 Mths	0	0
6-9 Mths	0	0
9-12 Mths	0	0
12-15 Mths	0	0
15+ Mths	0	0
Total	9,286	685,181,832

Amortisation Test

A = (Amortisation Test True Balance)	685,181,832
B = (Cash and Authorised Investments)	0
C = (Substitution Assets)	0
Z = (Potential negative carry on funds held in GIC from sale of assets)	18,925,000
Total: A+B+C-Z	666,256,832
Principal Amount Outstanding	500,000,000

PASS

Headroom 166,256,832