

HADRIAN FUNDING 2026-1 PLC

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) OR TO ANY PERSON OR ADDRESS IN THE US

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES OF THE ISSUER FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OR "**BLUE SKY**" LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM OR A TRANSACTION NOT SUBJECT TO SUCH REGISTRATION REQUIREMENTS AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON (AS DEFINED IN REGULATION S) OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF NEWCASTLE BUILDING SOCIETY AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "**U.S. PERSON**" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "**U.S. PERSON**" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "**U.S. PERSON**" IN REGULATION S AND PERSONS WHO ARE NOT "U.S. PERSONS" UNDER REGULATION S MAY BE U.S. PERSONS UNDER THE U.S. RISK RETENTION RULES. EACH PURCHASER OF THE NOTES, OR A BENEFICIAL INTEREST THEREIN, ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES BY ITS ACQUISITION OF THE NOTES, OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES ARE REQUIRED, TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF NEWCASTLE BUILDING SOCIETY), (2) IS ACQUIRING SUCH NOTE, OR BENEFICIAL INTEREST THEREIN, FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE, OR BENEFICIAL INTEREST THEREIN, AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

YOU MAY NOT FORWARD OR DISTRIBUTE THE PROSPECTUS TO ANY OTHER PERSON OR REPRODUCE THE PROSPECTUS IN ANY MANNER WHATSOEVER, AND, IN PARTICULAR, YOU MAY NOT FORWARD THE PROSPECTUS TO ANY U.S. PERSON OR TO ANY U.S.

ADDRESS. ANY SUCH FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER U.S. OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES APPROVED OR DISAPPROVED THIS PROSPECTUS OR CONFIRMED THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE UNDER U.S. LAW.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET: SOLELY FOR THE PURPOSES OF EACH OF THE 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 DIRECTIVE 2014/65/EU (AS AMENDED, "**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 EACH OF THE MANUFACTURER'S 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 EACH OF THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET: SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (1) THE TARGET MARKET FOR THE NOTES IS ONLY ELIGIBLE COUNTERPARTIES, AS DEFINED IN THE FCA CONDUCT OF BUSINESS SOURCEBOOK, AND PROFESSIONAL CLIENTS, AS DEFINED IN REGULATION (EU) NO. 600/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AND (2) 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 MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

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 MIFID II; OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "**INSURANCE DISTRIBUTION DIRECTIVE**"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED 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.

PROHIBITION OF SALES TO UK RETAIL INVESTORS: THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (THE "**UK**"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS NOT A PROFESSIONAL CLIENT AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("**EUWA**"). CONSEQUENTLY NO DISCLOSURE DOCUMENT REQUIRED BY THE FCA PRODUCT DISCLOSURE SOURCEBOOK ("**DISC**") FOR OFFERING, SELLING OR DISTRIBUTING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING, SELLING OR DISTRIBUTING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER DISC AND THE CONSUMER COMPOSITE INVESTMENTS (DESIGNATED ACTIVITIES) REGULATIONS 2024.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE JOINT ARRANGERS OR ANY OF THE PARTIES TO THE TRANSACTION DOCUMENTS (THE "**TRANSACTION PARTIES**") THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS IN COMPLIANCE WITH THE FCA HANDBOOK PROSPECTUS RULES: ADMISSION TO TRADING ON A REGULATED MARKET SOURCEBOOK (THE "**PRM**") MADE IN ACCORDANCE WITH THE PUBLIC OFFERS AND ADMISSIONS TRADING REGULATIONS 2024 (THE "**POATRS**"). BY THE FCA, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE JOINT ARRANGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE PROSPECTUS, YOU WILL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO U.S. THAT (A) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE NOT A "**U.S. PERSON**" (WITHIN THE MEANING OF REGULATION S) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE

ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS E-MAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES OR ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR THE DISTRICT OF COLUMBIA, (D) IF YOU ARE A PERSON IN THE UK, THEN YOU ARE A PERSON WHO (I) FALLS WITHIN A CATEGORY OF "INVESTMENT PROFESSIONAL" AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTIONS) ORDER 2005 AS AMENDED OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLES 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005 AND (E) YOU ARE NEITHER: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, MIFID II); NOR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and BNP Paribas, Citigroup Global Markets Limited, Lloyds Bank Corporate Markets plc and Merrill Lynch International (the "**Joint Lead Managers**") or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer nor BNP Paribas or Merrill Lynch International (the "**Arrangers**") or the Joint Lead Managers or any Transaction Parties or any person who controls any such person or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer and the Arrangers and the Joint Lead Managers.

HADRIAN FUNDING 2026-1 PLC

(incorporated with limited liability in England and Wales under number 17123867 and legal entity identifier (LEI) number 213800VMHFPFUI1JA96)

Notes	Initial Principal Amount	Issue Price	Interest Rate	Relevant Margin	Step-Up Date	Pre-enforcement Redemption Profile	Final Maturity Date	Ratings (Fitch/Moody's)
Class A	£350,000,000	100%	Compounded Daily SONIA plus the Relevant Margin	Up to and excluding the Step-Up Date, 0.55% p.a / From and including the Step-Up Date, 1.10% p.a.	The Interest Payment Date falling in September 2031	Pass-through amortisation	The Interest Payment Date falling in September 2073	AAA (sf) / Aaa (sf)
Class B	£33,060,000	100%	Compounded Daily SONIA plus the Relevant Margin	0% p.a.	N/A	Pass-through amortisation	The Interest Payment Date falling in September 2073	Unrated

Issue Date	The Issuer will issue the Notes in the Classes set out above on or about 17 September 2026 (the " Closing Date ").
Stand-alone/ programme issuance	Stand-alone issuance.
Underlying Assets	The Issuer will make payments on the Notes from, <i>inter alia</i>, payments of principal and revenue on a portfolio comprising mortgage loans originated by Newcastle Building Society ("NBS") and secured over residential properties located in England, Wales and in Scotland (the "Portfolio") which will be purchased by the Issuer on the Closing Date. Please refer to the section entitled "<i>The Portfolio</i>" for further information.
Credit Enhancement	• Subordination of Class B Notes; • General Reserve Fund; and • excess Available Revenue Receipts. Please refer to sections entitled "<i>Key Structural Features</i>" and "<i>Cashflows and Cash Management</i>" for further information.
Liquidity Support	• General Reserve Fund to make up Revenue Deficiency; and • Principal Receipts applied to make up any Remaining Revenue Deficiency. Please refer to the section entitled "<i>Key Structural Features</i>" for further information.
Redemption Provisions	Information on any optional and mandatory redemption of the Notes is summarised on page 60 (" <i>Transaction Overview – Overview of the Terms and Conditions of the Notes</i> ") and is set out in full in Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>).
UK Benchmarks Regulations	Interest payable under the Notes shall be calculated by reference to the Sterling Overnight Index Average (" SONIA ").

	As at the date of this Prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) 2016/1011 (the "EU Benchmarks Regulation"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the EU Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2017 by the International Organisation of Securities Commissions. As at the date of this Prospectus, the administrator of SONIA is not included in the UK's Financial Conduct Authority (the "FCA")'s register of administrators under Article 36 of Regulation (EU) No. 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the "UK Benchmarks Regulation"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the UK Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.
Rating Agencies	The Class A Notes will be rated by Fitch Ratings Limited ("Fitch") and Moody's Investors Service Limited ("Moody's") (each a "Rating Agency" and together, the "Rating Agencies"). As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom (the "UK") and is registered under Regulation (EU) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation"). The Rating Agencies are not established in the European Union and have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "EU CRA Regulation"). The ratings issued by Fitch and Moody's have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively, in accordance with the EU CRA Regulation. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation.
Credit Ratings	Ratings are expected to be assigned to the Class A Notes by the Rating Agencies as set out above on or before the Closing Date. The ratings assigned by Fitch address the likelihood of: (a) timely payment of interest due to the Noteholders on each Interest Payment Date; and (b) full payment of principal due to Noteholders by a date that is not later than the Final Maturity Date. The ratings assigned by Moody's address the expected loss to a Class A Noteholder in proportion to the initial principal amount of the class of Class A Notes held by the Class A Noteholder by the Final Maturity Date. The assignment of ratings to the Class A Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Class A Notes may be revised or withdrawn at any time. The Class B Notes will not be rated.

Listings	This document comprises a prospectus for the purposes of the FCA Handbook Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the "PRM") and the Public Offers and Admissions To Trading Regulations 2024 (the "POATRs"). This Prospectus has been approved by the FCA. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the rules in the PRM. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Applications have been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the main market of the Stock Exchange (the "Main Market"). References in this Prospectus] to the Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Main Market and have been admitted to the Official List.
Eurosystem Eligibility	The Notes are intended to be held in a manner which would allow Eurosystem eligibility; that is, in a manner which would allow the Notes to be recognised as eligible collateral for European Systems of Central Banks ("Eurosystem") monetary policy and intra-day credit operations by Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and potential investors in the Notes should reach their own conclusions and seek their own advice with respect to whether or not the Notes constitute Eurosystem eligible collateral.
Validity	This Prospectus is valid for 12 months after its approval. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply once the Notes are admitted to trading on the Main Market.
Obligations	The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of any party to the Transaction Documents (the "Transaction Parties") other than the Issuer.
Definitions	See "<i>Glossary</i>" for a list of defined terms and their meanings, and "<i>Index of Defined Terms</i>" for where the meanings of defined terms may be found in this Prospectus.
UK and EU Risk Retention	NBS, in its capacity as the retention holder will undertake (as originator for the purposes of the UK Securitisation Framework and the EU Securitisation Regulation (as if it were applicable to the Retention Holder and as in force on the Closing Date)) (the "Retention Holder"), to the Issuer and the Trustee (on behalf of the Noteholders) to retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures in accordance with (A) Article 6(1) of the EU Securitisation Regulation (as if it were applicable to the Retention Holder and as in force on the Closing Date) (the "EU Risk Retention Requirements") and (B) Article 6(1) of Chapter 2 of the PRA Securitisation Rules (the "UK Risk Retention Requirements"). The EU Risk Retention Requirements and the UK Risk Retention Requirements will be comprised of the Seller holding an interest in the first loss tranche in accordance with Article 6(3)(d) of the EU Securitisation Regulation (as if it were applicable to the Retention Holder and as in force on the Closing Date) and Article 6(3)(d) of Chapter 2 of the PRA Securitisation Rules through its holding of the Class B Notes. Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with SECN 4.2, Article 5 of Chapter 2 of the PRA Securitisation Rules, Regulations 32B, 32C and 32D of the UK SR 2024 or Article 5 of the EU Securitisation Regulations (depending on the regulatory requirements applicable to such prospective investor), and none of the Issuer, the Arrangers, the

	Joint Lead Managers, the Retention Holder, the Trustee or any of the other transaction parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes. To the extent that, after the Closing Date, there is any further divergence between the UK Securitisation Framework and the EU Securitisation Regulation, in respect of the EU Securitisation Regulation, NBS in its role as "originator" will only continue to comply with the EU Securitisation Regulation (as if such provisions were applicable to it) as in force on the Closing Date and will only be required to comply with any amended EU Securitisation Regulation on a reasonable endeavours basis. Please refer to the section entitled "<i>Risk Factors - The EU Securitisation Regulation and the Recast UK Securitisation Framework</i>". Prospective investors who are uncertain as to the requirements under the UK and EU risk retention requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator. Please refer to the sections entitled "<i>Certain Regulatory Requirements</i>" and "<i>Subscription and Sale</i>" for further information.
U.S. Credit Risk Retention Requirements	NBS, as the sponsor under the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "U.S. Risk Retention Rules"), does not intend to retain at least 5 per cent. of the credit risk of the Notes for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. The notes may not be purchased by, or for the account or benefit of, any "U.S. person" as defined in the U.S. risk retention rules ("Risk Retention U.S. Persons"). None of the Joint Lead Managers, the Arrangers, the Trustee, the Agents, the Issuer Account Bank or any other party provides any assurances regarding, or assumes any responsibility for, the Seller's compliance with the U.S. Risk Retention Rules prior to, on or after the Closing Date.
Simple, Transparent and Standardised Securitisation	NBS, will, within 15 Business Days of the Closing Date, procure a notification to be submitted to the FCA via the Connect Portal to the FCA STS register website at https://data.fca.org.uk/#/sts/stssecuritisations (or its successor website), in accordance with SECN 2.5, that the requirements of SECN 2.2.2R to SECN 2.2.29R (the "UK STS Requirements") have been satisfied with respect to the Notes. NBS has used the services of Prime Collateralised Securities (PCS) UK Limited ("PCS") to produce the simple, transparent and standardised assessments ("STS Assessments"). It is expected that the STS Assessments prepared by PCS will be available on the PCS website (https://pcsmarket.org/transactions/) together with detailed explanations of its scope at https://pcsmarket.org/disclaimer/ on and from the Closing Date. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus. No assurance can be provided that the securitisation transaction described in this Prospectus does or will continue to qualify as an STS securitisation under the UK Securitisation Framework as at the date of this Prospectus or at any point in time in the future. For further information, see the section entitled "<i>Risk Factors – Certain Regulatory Risks for Potential Investors in respect of their Investment in the Notes – Simple, Transparent and Standardised Securitisations</i>". The securitisation transaction described in this Prospectus does not, as at the date of this Prospectus, qualify as an STS Securitisation within the meaning of Article 18 of the EU Securitisation Regulation.
Volcker Rule	The Issuer has been structured not to be a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as

	amended (such statutory provisions, together with such implementing regulations, being commonly referred to as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940 (the "Investment Company Act") and under the Volcker Rule and its related regulations may be available, the Issuer has relied on an exemption from registration as an "investment company" under the Investment Company Act under Section (3)(c)(5)(C) thereof. Under the Volcker Rule, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) thereof. Any prospective investor in the Notes should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See further "<i>Certain Regulatory Requirements – Other U.S. Requirements – The Volcker Rule</i>".
Significant Investor	On the Closing Date, NBS: (i) will subscribe and retain a portion of the Class A Notes; and (ii) will subscribe and retain all of the Class B Notes. Please refer to the section entitled "<i>Subscription and Sale</i>" for further information.

A "**RISK FACTORS**" SECTION BEGINNING ON PAGE 4 OF THIS PROSPECTUS CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.

Arrangers

BNP Paribas

Merrill Lynch International

Joint Lead Managers

BNP Paribas

Merrill Lynch
International

Citigroup Global
Markets Limited

Lloyds Bank Corporate
Markets plc

The date of this Prospectus is 15 September 2026.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information in this Prospectus. To the best of the knowledge of the Issuer, the information in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and the source of such information is identified where it appears in this Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

NBS accepts responsibility for the information set out in the section headed "*Newcastle Building Society*" and section entitled "*The Servicer*" of the section headed "*The Servicer and the Servicing Agreement*". To the best of the knowledge of NBS, the information contained in such sections is in accordance with the facts and does not omit anything likely to affect its import. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by NBS as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

The Swap Provider accepts responsibility for the information set out in the section headed "*The Swap Provider*". To the best of the knowledge of the Swap Provider, the information contained in such section is in accordance with the facts and does not omit anything likely to affect its import. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Swap Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

The Trustee accepts responsibility for the information set out in the section headed "*Trustee*". To the best of the knowledge of the Trustee, the information contained in such section is in accordance with the facts and does not omit anything likely to affect its import. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Trustee as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

Each of the Agent Bank, the Issuer Account Bank, the Principal Paying Agent, the Cash Manager and the Registrar accepts responsibility for the information set out in the section headed "*Agent Bank, Issuer Account Bank, Principal Paying Agent, Cash Manager and Registrar*". To the best of the knowledge of each of the Agent Bank, the Issuer Account Bank, the Principal Paying Agent, the Cash Manager and the Registrar, the information contained in such section is in accordance with the facts and does not omit anything likely to affect its import. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by any of the Agent Bank, the Issuer Account Bank, the Principal Paying Agent, the Cash Manager and the Registrar as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

The Corporate Services Provider accepts responsibility for the information set out in the section headed "*Corporate Services Provider*". To the best of the knowledge of the Corporate Services Provider, the information contained in such section is in accordance with the facts and does not omit anything likely to affect its import. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Corporate Services Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

No responsibility or liability

None of the Joint Lead Managers, the Arrangers, or, except as set out above, the Trustee, the Agents, the Cash Manager or the Issuer Account Bank makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes. None of the Joint Lead Managers, the Arrangers, the Trustee, the Agents, the Cash Manager or the Issuer Account Bank accepts any liability in relation to the information contained in this Prospectus

or any other information provided by the Issuer in connection with the Notes. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Joint Lead Managers, the Arrangers, the Trustee, the Agents, the Cash Manager or the Issuer Account Bank undertakes or shall undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Arrangers, the Trustee, the Cash Manager, the Agents, or the Issuer Account Bank.

None of the Joint Lead Managers, the Arrangers, the Trustee, the Agents, the Cash Manager or the Issuer Account Bank is responsible for any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in the Notes or any Transaction Documents, or any other agreement or document relating to the Notes or any Transaction Document or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. In particular, but without limitation, none of the Joint Lead Managers, the Arrangers, the Trustee, the Agents, the Cash Manager or the Issuer Account Bank makes any representation, warranty or guarantee that the Retention Holder, its affiliates or the transactions contemplated in this Prospectus will be in compliance with the U.S. Risk Retention Rules, the U.S. Credit Risk Retention Requirements or the Volcker Rule.

None of the Joint Lead Managers, the Arrangers, the Trustee, the Agents, the Cash Manager or the Issuer Account Bank is responsible for the obligations of the Retention Holder or the Issuer for compliance with the requirements (including existing or ongoing reporting requirements) of Article 7 of Chapter 2 of the PRA Securitisation Rules and Article 7 of the EU Securitisation Regulation (as if applicable to the Retention Holder or the Issuer and as in force on the Closing Date).

The only persons authorised to use this Prospectus in connection with an offer of Notes are the Joint Lead Managers.

No person is or has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the directors of the Issuer, any Transaction Party, any of their respective affiliates or any other party to the Transaction Documents.

Neither the delivery of this Prospectus nor any offer, sale or allotment made in connection with the offering of any Notes will under any circumstances constitute a representation or create any implication that there has been no change in the affairs of the Issuer, any Transaction Party or any of their respective affiliates or in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof or that there has been no change in any other information supplied in connection with the Transaction (as defined below) as of any time subsequent to the date indicated in the document containing the same or that such information is correct at any time subsequent to the date thereof.

The Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement, other offering material or other information may be issued, distributed or published in any country or jurisdiction (including the UK), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

In connection with this new issue of the Notes as described in this Prospectus (the "**Transaction**"), the Arrangers and the Joint Lead Managers are acting exclusively for the Issuer and NBS and no one else. Accordingly, in connection with the Transaction, the Arrangers and the Joint Lead Managers will not be responsible to anyone other than the Issuer or NBS for providing the protections afforded to its clients or for the giving of advice in relation to the Transaction. The Arrangers and the Joint Lead Managers will be paid a fee by the Issuer in respect of the placement of the Notes.

The Notes are intended to be held in a manner which would allow the Eurosystem (as the term is used in the Governing Council of the European Central Bank (the "**ECB**")) eligibility. The Notes will be represented by Global Notes which are expected to be deposited on the Closing Date with and registered in the name of a nominee of one of the Euroclear and/or Clearstream, Luxembourg (each an "**ICSD**" and together the "**ICSDs**" acting as common safekeeper (the "**New Safekeeping Structure**"). Notwithstanding that the Notes are intended to be held in accordance with the New Safekeeping Structure, this does not mean that any of the Notes will be recognised as eligible collateral for the Eurosystem monetary policy and

intra-day operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that all Eurosystem eligibility has been met.

References in this Prospectus to "£", "Sterling" or "GBP" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

References in this Prospectus to the assignment of Scottish Loans and their Related Security are (other than in the context of a legal title transfer) to be read as references to the transfer of the beneficial interest therein by the making of Scottish Declarations of Trust, and the terms "sale", "assigned" and "assign" will in that context be construed accordingly.

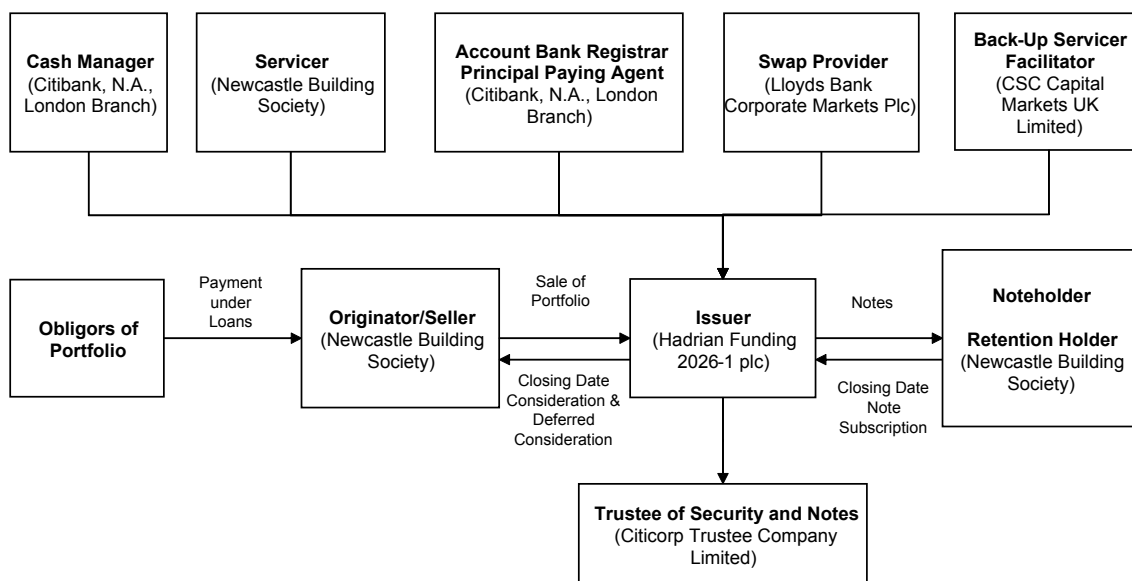
Forward-Looking Statements and Statistical Information

Certain matters contained in this Prospectus are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the UK. This Prospectus also contains certain tables and other statistical analyses (the "Statistical Information"). Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Joint Lead Managers, the Arrangers or NBS has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Issuer, the Joint Lead Managers, the Arrangers or NBS assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information, as applicable.

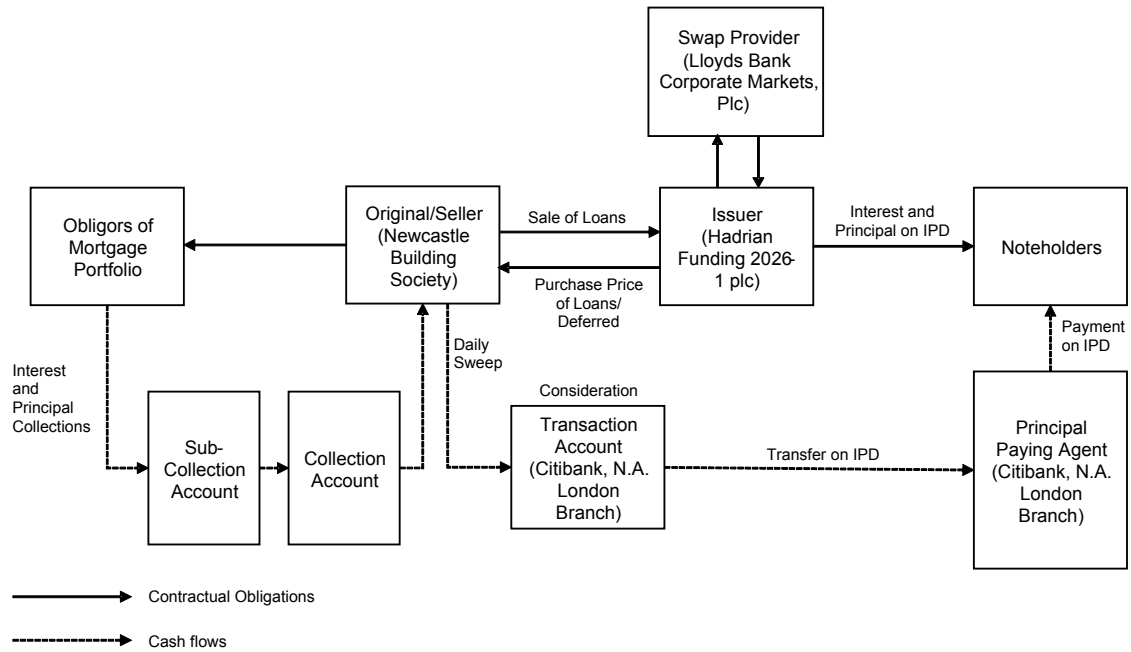
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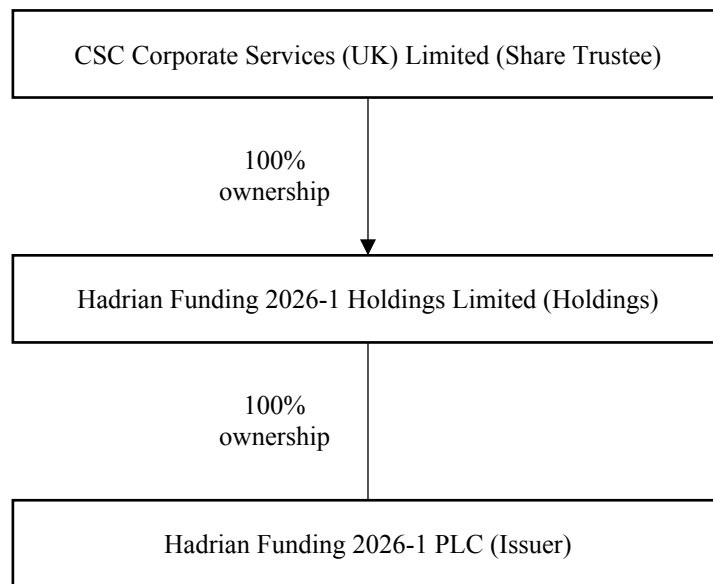
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DIAGRAMMATIC OVERVIEW OF TRANSACTION



DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOWS



OWNERSHIP STRUCTURE DIAGRAM

The above diagram illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- The Issuer is a wholly owned subsidiary of Holdings in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a trust the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings or the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.

RISK FACTORS

The following is a description of the principal risks associated with an investment in the Notes. These risk factors are material to an investment in the Notes and an assessment of the Issuer. Prospective Noteholders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.

An investment in the Notes is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.

The Issuer believes that the risks described below are the material risks inherent in the Transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. Prospective Noteholders should read the detailed information set out in this Prospectus and reach their own views, together with their own professional advisers, prior to making any investment decision. Prospective Noteholders should read the sections of this Prospectus entitled "Transaction Overview" to "Triggers Tables" (inclusive) before reading and considering the risks described below.

The purchase of the Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of the Notes should (i) ensure that they understand the nature of the Notes and the extent of their exposure to risk, (ii) consider carefully, in the light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting) and in consultation with such legal, financial, regulatory and tax advisers as they deem appropriate, all the information set out in this Prospectus so as to arrive at their own independent evaluation of the investment and (iii) confirm that an investment in the Notes is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them. The Notes are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in them. In particular, an investment in the Notes involves the risk of a partial or total loss of investment.

RISKS RELATED TO THE STRUCTURE AND THE NOTES

Liabilities under the Notes

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any of the Transaction Parties (other than the Issuer), the Arrangers or the Joint Lead Managers and no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes. See also *"Risk Factors - Liquidity of the Issuer"*.

Yield and prepayment considerations

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Loan and repurchases of Loans required to be made under the Mortgage Sale Agreement) on the Loans and the price paid by the holders of the Notes of each Class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. Subject to the terms and conditions of the Loans (which may require in some cases notification to the Seller and in other cases the consent of the Seller), a Borrower may "overpay" or prepay principal on any day in specified circumstances. No assurance can be given as to the level of prepayments that the Portfolio will experience. See also the section entitled *"The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement"*.

Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers are generally more likely to prepay their

mortgage loans. For instance, borrowers may prepay mortgage loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action taken).

Variation in the rate and timing of prepayments of principal on the Loans may affect each Class of Notes. As a general matter, if prepayments on the Loans occur less frequently than anticipated, then the amortisation of the Notes may take much longer than is presently anticipated and the actual yields on the Notes may be lower than anticipated. If the aggregate rates of prepayments and scheduled repayments fell to levels much lower than the historical constant prepayment rate ("**CPR**") levels in respect of the Portfolio this may affect the repayment rates on any Notes. Alternatively, it is unlikely that the average lives of the Notes would be reduced unless CPRs rose to levels much higher than the historical CPR levels in respect of the Portfolio (or the UK mortgage market in general). If prepayment rates decline, then the Issuer may have insufficient proceeds to repay Notes on the relevant scheduled maturity dates.

Certain features of the Loans may also affect the yield to maturity of the Notes. For example, the grant by the Seller of a Product Switch may cause the rates of prepayments and scheduled repayments on the Loans to be lower than expected. See also *"Risk Factors – Product Switches and Further Advances"*. Further, the Servicer may be required to undertake proactive remediation, adjust interest rate margins or waive certain fees which are deemed inconsistent with the Consumer Duty. Such actions, were they to occur, could affect scheduled payments on the Loans and, consequently, the yield to maturity of the Notes. See also *"Certain Regulatory Considerations in respect of the Loans – FCA Consumer Duty"* for further information.

In addition, if the Seller is required, per the terms of the Mortgage Sale Agreement, to repurchase a Loan or Loans under a Mortgage Account and their Related Security from the Issuer because, for example, one or more of the Loans does not comply with the Loan Warranties, then the payment received by the Issuer will have the same effect as a prepayment of all the Loans under that Mortgage Account.

Payments and prepayments of principal on the Loans will be applied on each Interest Payment Date on a pass-through basis to reduce the Principal Amount Outstanding of the Notes in each case in accordance with the Pre-Enforcement Principal Priority of Payments (see *"Cashflows and Cash Management"* below) or used to fund a Remaining Revenue Deficiency.

On any Interest Payment Date from and including the Step-Up Date or Interest Payment Date on which the aggregate Principal Amount Outstanding of all the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of all such Notes on the Closing Date, the Issuer may, subject to certain conditions, redeem all of the Notes. In addition, the Issuer may, subject to the Conditions, redeem all of the Notes upon the occurrence of (i) a Tax Event; or (ii) an Illegality Event. See Condition 9.4 (*Optional Redemption in whole for taxation reasons*) and Condition 9.5 (*Optional Redemption in whole upon the occurrence of an Illegality Event*) for further information.

Following enforcement of the Security, there is no guarantee that the Issuer will have sufficient funds to redeem the Notes in full.

Early redemption of the Notes may adversely affect the yield on the Notes.

Limited source of funds

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on Revenue Receipts and Principal Receipts in respect of the Loans in the Portfolio, interest earned on the Transaction Account, income from Authorised Investments, the receipts under the Swap Agreement (other than receipt of any sums to be credited to any Swap Collateral Account) and amounts standing to the credit of the General Reserve Fund. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments. The Issuer will have no recourse to the Seller, save as provided in the Mortgage Sale Agreement (see further the section entitled *"The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement"*).

Limited recourse

The Notes will be limited recourse obligations of the Issuer. Other than the source of funds referred to in the foregoing paragraph, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes. If at any time following:

- (a) the occurrence of either:
 - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
 - (ii) the service of an Enforcement Notice; and
- (b) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any Class of Notes, then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer.

Each Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Deed of Charge, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Deed of Charge shall be received and held by it for the Trustee's order and shall be paid over to the Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Deed of Charge.

Apart from the Trustee, none of the Secured Creditors, including the Noteholders, will be entitled to institute against the Issuer any bankruptcy, reorganisation, arrangement, examinership, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligation relating to the Notes or the other Transaction Documents unless (i) the Trustee has become bound to institute proceedings and has failed to do so within a reasonable period of becoming so bound and (ii) such failure is continuing, and then only if and to the extent that such Secured Creditor is able to do so under applicable law.

No additional sources of funds after the Step-Up Date

On and from the Step-Up Date, the Relevant Margin on the Class A Notes will increase. There will, however, be no additional receipts or other sources of funds available to the Issuer on and from the Step-Up Date, nor is it expected that any sources of income available to the Issuer prior to the Step-Up Date will be increased. If the sources of funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors in accordance with the applicable Priority of Payments.

Deferral of interest payments on the Class B Notes

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Class B Notes, after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then that amount shall not be due and payable and the Issuer under Condition 8.10 (*Interest Accrual*) will defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as interest in respect of the Class B Notes becomes immediately due and payable in accordance with the Conditions and it shall not constitute an Event of Default. To the extent that there are insufficient funds on the following Interest Payment Date or such earlier date as interest in respect of the Class B Notes is scheduled to be paid in accordance with the Conditions, the deferral of interest shall continue until the Final Maturity Date or the date on which the Class B Notes are redeemed pursuant to Condition 9.3 (*Optional Redemption in whole*), Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.5 (*Optional Redemption in whole upon the occurrence of an Illegality Event*).

Payment of interest on the Class A Notes cannot be deferred and, if such amounts remain unpaid 14 calendar days after the relevant due date, this will constitute an Event of Default.

Subordination of interest and principal on the Class B Notes

The Class B Notes are subordinated in right of payment of interest and principal to the Class A Notes as set out in "Key Structural Features". However, there is no assurance that these subordination provisions will protect the holders of the Class A Notes from all risk of loss.

Revenue and Principal Deficiency Ledger

If, on any Interest Payment Date, as a result of shortfalls in Available Revenue Receipts relative to interest due on the Class A Notes and amounts ranking in priority to the payment of interest on the Class A Notes, there is a Revenue Deficiency, then subject to certain conditions set out in "Key Structural Features", the Issuer may apply the General Reserve Fund to make up such Revenue Deficiency. If, following application of the General Reserve Fund, there is a Remaining Revenue Deficiency, then (again subject to certain conditions) the Issuer may apply Principal Receipts (if any) to meet such Remaining Revenue Deficiency.

Application, as described above, of any Principal Receipts to meet any Remaining Revenue Deficiency (in addition to any Losses) will be recorded first on the Class B Principal Deficiency Sub-Ledger until the balance of the Class B Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class B Notes then outstanding, and next on the Class A Principal Deficiency Sub-Ledger until the balance of the Class A Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that, during the course of the life of the Notes, principal deficiencies will be recouped from Available Revenue Receipts and, in respect of the Class A Notes, amounts standing to the credit of the General Reserve Fund. Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit firstly the Class A Principal Deficiency Sub-Ledger and secondly the Class B Principal Deficiency Sub-Ledger.

If there are insufficient funds available as a result of such income or principal deficiencies, then one or more of the following consequences may ensue:

- (a) the interest and other net income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and
- (b) there may be insufficient funds to repay the Notes on or prior to the Final Maturity Date of the Notes unless the other net income of the Issuer is sufficient, after making other payments to be made in priority thereto, to reduce to nil the balance on the Principal Deficiency Ledger.

The General Reserve Fund may not be available to cover all losses and at all times

The General Reserve Fund will be established on the Closing Date from the proceeds of the Subordinated Loan and the amount required, from time to time, to be standing to the credit of the General Reserve Ledger shall be an amount equal to the General Reserve Required Amount. Available Revenue Receipts will be available (in accordance with the Pre-Enforcement Revenue Priority of Payments) to fund and replenish the General Reserve Fund in accordance with the requirements described herein. The General Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay any Revenue Deficiency or in accordance with the Post-Enforcement Priority of Payments (as applicable). Any General Reserve Fund Excess on an Interest Payment Date will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. See further "Cashflows and Cash Management". The General Reserve Fund will be available to make up any shortfalls in amounts due to pay interest on the Class A Notes. No assurance can be made as to the effectiveness of such liquidity support features set out above, or that such features will support the Noteholders from all risk of delayed payment and/or loss and the use thereof may lead to a reduction in the amounts available to the Issuer and ultimately affect its ability to make payments under the Notes.

Absence of secondary market and how it may affect the market value of the Notes

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of an Event of Default in relation to the Notes while any of the Loans are still outstanding, may depend upon whether the Loans can be realised to obtain an amount sufficient to redeem the Notes.

No assurance is provided that there is an active and liquid secondary market for the Notes, and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment for the life of the Notes.

The secondary market for mortgage-backed securities similar to the Notes has, at times, experienced limited liquidity resulting from reduced investor demand for such securities. Limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Potential investors should be aware that these prevailing market conditions affecting securities similar to the Notes could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Loans. The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the Indexed Long Term Repo Operations and the Contingent Term Repo Facility and the Eurosystem monetary policy framework of the European Central Bank provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral in the future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. Neither the Issuer nor NBS nor any other party gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for such central bank schemes. Any potential investor in the Notes should make its own conclusions and seek its own advice with respect to whether or not the Notes constitute collateral for such central bank schemes.

Recent global social, health, political and economic events and trends can impact market certainty which in turn can negatively affect any secondary market for instruments similar to the Notes.

None of the Issuer, the Arrangers or Joint Lead Managers are or will be obliged to make a market for the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until their Final Maturity Date or alternatively such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

RISKS RELATED TO INTEREST RATE ON THE LOANS AND/OR THE NOTES***Basis risk***

The Issuer is subject to:

- (a) the risk of a mismatch between the interest rate payable in respect of the Loans and the interest rate payable in respect of the Notes; and
- (b) the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes, which risk is mitigated by (i) the Transaction Account, which pays a rate of interest which may be agreed from time to time on funds standing to the credit thereof and from which the Issuer may invest sums in Authorised Investments, and (ii) (for so long as the Loans are fully performing) the availability of excess Available Revenue Receipts, each of which are available to meet payments of interest due under the Notes and the other expenses of the Issuer.

To hedge against the possible variance between various fixed rates of interest payable on the Fixed Rate Loans in the Portfolio and the floating rate of interest payable on the Class A Notes, the Issuer has entered into a fixed rate swap transaction (the "**Fixed Rate Swap Transaction**") with the Swap Provider under the Swap Agreement in order to mitigate the risk of such possible variance.

For each calculation period under the Fixed Rate Swap Transaction, a net amount shall be calculated based on the difference between: (i) an amount calculated by reference to a floating rate and the notional amount of the Fixed Rate Swap Transaction; and (ii) an amount calculated by reference to the weighted average interest rate (by current balance) applicable to the Relevant Fixed Rate Loans and the notional amount of the Fixed Rate Swap Transaction and the applicable day count fraction. On each Interest Payment Date for the relevant calculation period under the Fixed Rate Swap Transaction: (x) if (i) is greater than (ii), then the Swap Provider will pay an amount equal to the difference between (i) and (ii) to the Issuer; and (y) if (ii) is greater than (i), then the Issuer will pay an amount equal to the difference between (ii) and (i) to the Swap Provider (see "*Key Structural Features – Swap Agreement*" below), provided that if (i) is negative for the relevant calculation period, the Issuer will be required to pay the Swap Provider the absolute value of such amount. If (i) is equal to (ii), then neither the Issuer nor the Swap Provider will be required to make a payment under the Fixed Rate Swap Transaction.

The Fixed Rate Swap Transaction is not designed to provide a perfect hedge for the Fixed Rate Loans included in the Portfolio or eliminate all risks associated with the rates payable in respect of such Fixed Rate Loans. In particular, the notional amount of the Fixed Rate Swap Transaction will only reflect, in respect of each calculation period thereunder, the aggregate of the Current Balances (calculated, for each calculation period, at the end of the calendar month immediately preceding such calculation period) of the Fixed Rate Loans in the Portfolio that do not have three or more monthly payments due and unpaid by a Borrower).

There is no guarantee that such Fixed Rate Swap Transaction will successfully hedge the Fixed Rate Loans included in the Portfolio and therefore there may be insufficient funds to repay interest due on the Notes.

Swap Provider Risk and Swap Termination Payment

In the event that the Swap Provider does not pay any amount payable under the Swap Agreement when due, available funds of the Issuer may be less than would otherwise be the case and this could result in reduced payments to Noteholders.

If the Swap Agreement is terminated for any reason, a termination payment by either the Issuer or the Swap Provider may be payable to the other party. If the Swap Provider posts any Swap Collateral, such Swap Collateral will be utilised in accordance with the Swap Collateral Account Priority of Payments. If the Swap Provider posts any Swap Collateral, such Swap Collateral will be applied solely for the purpose of supporting the Swap Provider's obligations under the Swap Agreement and shall be returned directly to the Swap Provider in accordance with the Swap Collateral Account Priority of Payments. Following (1) the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (c)(i) of the definition of Swap Collateral Account Priority of Payments and (B) the Issuer enters into a replacement swap agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement or (2) any novation of the Swap Provider's obligations to a replacement swap provider, to the extent a termination payment (along with any additional amounts required to be paid by the Issuer following termination of the Fixed Rate Swap Transaction, including any extra costs incurred in entering into a replacement swap or swaps) is due by the Issuer to the Swap Provider, the Issuer may be obliged to use available funds to pay any such termination payment (in excess of the Swap Collateral amounts standing to the credit of the Swap Collateral Account (if any) in respect of the Swap Agreement that shall be applied in accordance with the Swap Collateral Account Priority of Payments) due by the Issuer to the Swap Provider under the Swap Agreement, which will be paid using available funds in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments. Any such termination payment due by the Issuer to the Swap Provider (except for any Swap Subordinated Amounts) will rank in priority to amounts due on the Class A Notes both in the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

If the Issuer is obliged to make a termination payment to the Swap Provider, this may reduce or adversely affect the amount of funds which the Issuer has available to make payments on the Notes. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment under the Swap Agreement or that the Issuer will have sufficient funds to make subsequent payments to the Noteholders in respect of the Notes.

Furthermore, if the Swap Provider were to default in respect of its obligations under the Swap Agreement so as to result in a termination of the Swap Agreement, the Issuer will use commercially reasonable efforts

to enter into a replacement arrangement with another appropriately rated entity, which may require the Issuer to make a payment to the replacement swap provider. A failure to enter into such a replacement arrangement may result in a downgrading on the rating of the Class A Notes, and may reduce the amount of funds available to make payments on the Notes. In addition, if the Issuer fails to enter into such replacement arrangement, the Portfolio will remain unhedged.

In the event of the insolvency of the Swap Provider the Issuer will be treated as a general creditor of such Swap Provider. Consequently, the Issuer will be subject to the credit risk of the Swap Provider, as well as that of the Loans.

Under the terms of the Swap Agreement, in the event that the relevant ratings of the Swap Provider fail to meet the required ratings, the Swap Provider will, in accordance with the terms of the Swap Agreement, be required to elect to take certain remedial measures within the time frames stipulated in the Swap Agreement and at its own cost, which may include one or more of the following: providing collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the required ratings, procuring another entity with the required ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement or such other action that would result in the Rating Agencies continuing the then current rating of the Class A Notes or restoring such rating to the level prior to the downgrade event. However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be provided by the Swap Provider or that another entity with the required ratings will be available or willing to become a replacement swap provider, co-obligor or guarantor. Other than any Swap Collateral Account Surplus, collateral provided under the Swap Agreement will not be available to meet the Issuer's obligations under the Notes or the Transaction Documents.

The market continues to develop in relation to SONIA as a reference rate in the capital markets

The rate of interest for the Notes will be determined on the basis of Compounded Daily SONIA. Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to London Interbank Offered Rate. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). As a result, the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Notes that reference a SONIA rate issued under this Prospectus. Interest on Notes which reference a compounded daily SONIA rate is only capable of being determined at the end of the relevant Observation Period and shortly prior to the relevant Interest Payment Date.

It may be difficult for investors in the Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes suitably in advance of the relevant Interest Payment Date, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes.

In addition, the manner of adoption or application of SONIA reference rates in the bond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Notes referencing SONIA.

Changes or uncertainty in respect of SONIA may affect the value or payment of interest under the Loans or the Notes

Interest rates and indices which are deemed to be "benchmarks" (including SONIA) are the subject of recent national and international regulatory guidance and reform, including the UK Benchmarks Regulation. These reforms may cause such benchmarks to perform differently from the way they did in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK

supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The UK Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the UK Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. These reforms and other pressures may cause one or more interest rate benchmarks (including SONIA) to disappear entirely or to perform differently from the way they did in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks, or have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes, or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

Based on the foregoing, prospective investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be, potentially reducing the amount of interest which would be paid to investors;
- (b) in circumstances where an amendment as described in paragraph (c) below has not been made at the relevant time, the rate of interest on the Notes will be determined for a period by the fall-back provisions provided for under Condition 8 (*Interest*) of the Conditions of the Notes;
- (c) while (i) an amendment may be made under Condition 17.2 (*Additional Right of Modification*) of the Conditions of the Notes to change the reference rate on the Notes from SONIA to an alternative reference rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions; and (ii) an amendment may be made under Condition 17.2 (*Additional Right of Modification*) to change the base rate that then applies in respect of the Swap Agreement for the purpose of aligning the base rate of the Swap Agreement to the base rate of the Notes following a Reference Rate Modification, there can be no assurance that any such amendments will be made or, if made, that they will (x) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (y) be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (d) if SONIA is discontinued, and whether or not an amendment is made under Condition 17.2 (*Additional Right of Modification*) to change the reference rate with respect to the Notes and if a proposal for an equivalent change to the reference rate on the Swap Agreement is not approved in accordance with Condition 17.2 (*Additional Right of Modification*), in each case as described in paragraph (c) above, there can be no assurance that the applicable fall-back provisions under the Swap Agreement which incorporates the 2021 ISDA Interest Rate Derivatives Definitions published by the International Swaps and Derivatives Association Inc., would operate to allow the transactions under the Swap Agreement to effectively mitigate interest rate risk in respect of the Notes. This, in turn, could cause a risk of mismatch of interest and reduced payments on the Notes.

Any reduction in the amounts payable under the Loans will impact the availability of funds to make payments under the Notes.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Loans, the Notes and/or the Swap Agreement due to applicable fall-back

provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Moreover, any of the above matters (including an amendment to change the reference rate as described in paragraph (c) above) or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in amendments to the Conditions and the Swap Agreement or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

RISKS RELATED TO THE MORTGAGES

Delinquencies or default by Borrowers in paying amounts due on their loans

Borrowers may default on their obligations due under the Loans through failure to pay amounts due under the Loans. Defaults by Borrowers may occur for a variety of financial and personal reasons which may, individually or in combination, lead to an increase in delinquencies by and bankruptcies of the Borrowers and could adversely affect the ability of the Borrowers to make scheduled payments on their Loans (and ultimately lead to losses on the Notes). The Loans are affected by credit or default, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international macro and micro-economic climate, regional economic conditions (due to local, national and/or global macroeconomic and geopolitical factors such as the war between Russia and Ukraine and the geopolitical tensions in the Middle East (including the military operation in Iran and recent developments in the region)), changes in tax laws and / or tax rates, interest rates, inflation, higher cost of living, the availability of financing, political developments and government policies.

In response to economic pressures, the base rate as set by the Bank of England's Monetary Policy Committee has varied on several occasions. Should inflationary pressure from time to time increase in a context of economic uncertainty, this may result in interest rate increases over time. If there were further interest rate increases, this could adversely affect Borrowers' disposable income and ability to repay principal on their Loans, particularly against a background of rising essential goods prices and house prices, potentially faster than earnings, thus stretching affordability and leaving households more vulnerable to shocks that could ultimately lead to higher retail loan losses and/or defaults. If combined with suppressed wage growth and/or increased tax rates, there is the potential for stagflation. Widespread economic impacts have the potential to create contagion effects. A deflationary environment may negatively affect property values.

Other factors in Borrowers' individual, personal or financial circumstances may affect the Borrowers' ability to repay their Loan. Unemployment, loss of earnings (specifically, Borrowers who are self-employed or who operate as independent contractors may have an income stream which is more susceptible to change), illness, divorce, civil unrest or widespread health crises (including pandemics) or the fear of such crises (together with governmental action or inaction in connection therewith) and other similar factors may lead to a deterioration of economic conditions and an increase in delinquencies by and bankruptcies (and analogous arrangements) of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay their Loans. In addition, the ability of a Borrower to sell a Mortgaged Property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan and its Related Security in full will depend upon a number of factors, including but not limited to the availability of potential buyers for that Mortgaged Property, the value of the Mortgaged Property and property values in general at the time (including reductions in property value as a result of the macroeconomic conditions and/or tax rates). Loans in arrears and subject to historical breaches by Borrowers are generally likely to experience higher rates of delinquency, write-offs, enforcements under Related Security and bankruptcy, than Loans without such arrears or breaches which may impact the ability of the Issuer to make payments on the Notes on an Interest Payment Date or on the Final Maturity Date.

If there were further increases in the base rate, as set by the Bank of England's Monetary Policy Committee, and if the cost of living were to continue to rise, this may result in Borrowers with a Loan subject to a variable rate of interest or for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased Monthly Payments as and when the related

mortgage interest rate increases (or, in the case of the latter, at the end of the relevant fixed or introductory period). This increase in Borrowers' Monthly Payments, which (in the case of the latter) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, which may ultimately result in higher delinquency rates, defaults under the Mortgage Loan Agreements, enforcement under the Related Security and losses or write offs in the future.

It is unlikely that Borrowers seeking to avoid these increased Monthly Payments by refinancing their Loans will be able to find readily available replacement loans at comparably low interest rates. Any decline in housing prices may leave Borrowers with insufficient equity in their homes to permit them to refinance.

Furthermore, the ability of a Borrower to sell a Property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that Property, the value of that Property and property values in general at the time.

If a Borrower fails to repay its Loan and the related Property is repossessed, the likelihood of there being a net loss on disposal of the Property is increased by a higher "loan to value" ratio.

In order to enforce a power of sale in respect of a Property, the relevant mortgagee or heritable creditor (which may be the Seller or the Issuer) must first obtain possession of the relevant Property. Possession is usually obtained by way of a court order or decree although this can be a lengthy and costly process and will involve the mortgagee or heritable creditor assuming certain risks. If obtaining possession of Properties in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes, on an Interest Payment Date or the Final Maturity Date, may be reduced. The Issuer's ability to make such payment may be reduced further if the mortgagee's or heritable creditor's method for obtaining possession of Properties permitted by law is restricted in the future.

These events and risks as described above, alone or in combination, may contribute ultimately to the timing and payment of the Loans being adversely affected, and as such to the ability of the Issuer to meet its obligations under the Transaction Documents and, among other things, make payments under the Notes by an Interest Payment Date or at the Final Maturity Date to be reduced or delayed.

Scotland Act 2016

The Scotland Act 2016 passed control of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Since 6 April 2018, the rates and thresholds for income tax that apply to the non-savings and non-dividend income of Scottish taxpayers have differed from those applied throughout the rest of the UK. Scotland now has six income tax bands and thresholds, including an intermediate rate of 21% and higher, advanced and top rates of 42%, 45% and 48% respectively, meaning that certain taxpayers in Scotland now pay a higher level of tax than Borrowers in the same income bracket in England and Wales. This may affect some Scottish borrowers' ability to pay amounts when due on the Loans originated in Scotland which, in turn, may adversely affect the ability of the Issuer to make payments in respect of the Notes.

Value of residential property may decline

There can be no assurance that house prices in the UK will continue to rise or remain stable. If the residential property market in England, Wales and/or Scotland experiences a decline in property values (due to local, national and/or global macroeconomic factors), the value of the Mortgaged Property could be significantly reduced thereby potentially resulting in: (a) the inability of Borrowers to sell the relevant Mortgaged Properties at prices which are high enough to enable them to repay the Loans; (b) the inability to recover sufficient proceeds following the enforcement of the Mortgage for a Loan in default to repay in full the amounts outstanding under that Loan; and/or (c) ultimately, losses to the Noteholders if the Security is required to be enforced following an Event of Default.

The UK government's intervention into the housing market through buyer assistance schemes, stamp duty holidays enforced or recommended payment holidays or other concessions or allowances on mortgage payments, or indirectly through measures that provide liquidity to the banking sector (as was historically the case with the Bank of England's Funding for Lending Scheme, Term Funding Scheme and Term Funding Scheme With Additional Incentives For Small & Medium Sized Enterprises), may also contribute to volatility or material variances in house prices. This could occur, for example, as a result of the sudden end to buyer assistance schemes and/or increases in stamp duty rates, which could lead to a decrease in

house prices, or due to the extension of a funding scheme to the banking sector, which would maintain excess funding liquidity in the mortgage market and which could lead to inflation in house prices.

The Issuer cannot guarantee that the value of a Mortgaged Property will remain at the same level as on the date of origination of the related Loan. A fall in property prices resulting from a deterioration in the housing market or the UK mortgage industry or market generally could result in losses being incurred by the Issuer where the net recovery proceeds are insufficient to redeem any outstanding loan secured on such property. If the value of the Related Security secured on the Loans is reduced this may ultimately result in losses to Noteholders if the Related Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes on the Interest Payment Date or the Final Maturity Date.

Borrowers may have insufficient equity to refinance their Loans with lenders other than the Seller and may have insufficient resources to pay amounts in respect of their Loans as and when they fall due. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Notes.

Geographic Concentration Risks

Loans in the Portfolio may also be subject to geographic concentration risks. To the extent that specific geographic regions within the UK have experienced or may experience in the future weaker regional economic conditions (due to local, national and/or global macroeconomic factors) and weaker housing markets than other regions in the UK, a concentration of the Loans in such a region may be expected to exacerbate the risks relating to the Loans described in this section.

Certain geographic regions within the UK rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect, for example, the regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry leading to an increased repayment, credit or default risk in relation to the Loans. Government actions taken in response to a downturn may include cuts in public benefits or public sector employment, or other austerity measures that may directly affect Borrowers by reducing or eliminating their income, which could impact their ability to pay their debts when due and/or repay the amounts outstanding under the Mortgage Loan Agreements. Private businesses may also reduce hiring or implement layoffs or reduce hours of work, which would potentially affect Borrowers' income and further affect their ability to pay their debts when due and/or repay the amounts outstanding under the Mortgage Loan Agreements. In addition, self-employed Borrowers may see a reduction in volume of work and/or income. Different geographic areas of the UK might be impacted differently by any economic downturn and by any government action or inaction taken in relation to it.

Any natural disasters, impacts of climate change (including but not limited to, increased flood risk or coastal erosion), wars or other disasters including terrorist attacks, increase of interest rates, increase in tax rates, inflation or widespread health crises (such as a pandemic or epidemic), civil unrest (such as rioting), government policies, action or inaction in response to such crises or such potential crises, and/or the fear of any such crises may lead to a deterioration of economic conditions within the UK and may reduce the market value of the affected Mortgaged Properties. This may result in a loss being incurred upon sale of such Mortgaged Properties. These circumstances could affect receipts on the Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans as at the Provisional Cut-Off Date, see "*Characteristics of the Portfolio — Geographical Distribution of Property*".

Searches, Investigations and Warranties in Relation to the Loans

The Seller will give certain warranties to each of the Issuer and the Trustee regarding its the Loans and their Related Security to be sold to the Issuer on the Closing Date (see "*The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement*" below for a summary of these).

None of the Trustee, the Arrangers, the Agents, the Cash Manager, the Issuer Account Bank, the Joint Lead Managers, nor the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Loan or its Related Security in the Portfolio and each relies instead on the Loan Warranties given in the Mortgage Sale Agreement by the Seller. Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Loan had such matters been revealed. The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller is materially breached or

proves to be materially untrue as at the Closing Date or, as the case may be, the last calendar day in each month during which an Advance Date or a Switch Date has occurred in respect of the relevant Further Advances and Product Switches, and is not remedied within 30 Business Days of receipt by the Seller of a notice from the Issuer (or, in the case of a Further Advance or a Product Switch, by close of business on a Calculation Date during which an Advance Date or a Switch Date has occurred) shall be to require the Seller to repurchase any relevant Loan and its Related Security. There can be no assurance that the Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement. This may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

Buildings insurance

The practice of the Seller in relation to buildings insurance are described under the section entitled "*The Portfolio — The Loans – Insurance Policies*" below. No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to redeem the Notes.

Product Switches and Further Advances

A Loan and its Related Security may be repurchased or, in accordance with the terms of the Mortgage Sale Agreement, must be repurchased (as applicable) where a Product Switch or Further Advance or substitution is made in the circumstances and for the consideration set out in "*The Portfolio - Sale of the Portfolio under the Mortgage Sale Agreement*". There can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. This may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments on the Notes. The yield to maturity of the Notes may be affected by the repurchase of Loans subject to Product Switches or Further Advances.

The number of Further Advance and Product Switch requests received by the Seller and/or the Servicer will affect the timing of principal amounts received by the Issuer and hence payments of principal and (in the event of a shortfall) interest on the Notes.

Increases in prevailing market interest rates may adversely affect the performance and market value of the Notes

Borrowers with a Loan subject to a variable rate of interest or with a Loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, may be exposed to increased monthly payments if the related mortgage interest rate adjusts upward (or, in the case of a Loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in Borrowers' monthly payments, which (in the case of a Loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, ultimately may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rates) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance. Furthermore, where the reversionary rate is the current Seller Standard Variable Rate in the Seller's mortgage terms, the reversionary rate for Borrowers reaching the end of their fixed or tracker periods may be lower than prevailing market rates. This would mean that it is less likely that they will refinance.

These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment spreads and higher losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

Seller to initially retain legal title to the Loans and risks relating to set-off

The sale by the Seller to the Issuer of certain Loans secured by Mortgages (the "**Loans**") and their Related Security (until legal title is conveyed) takes effect in equity only. The sale of the Scottish Loans and their

Related Security to the Issuer will be given effect by Scottish Declarations of Trust by the Seller in favour of the Issuer. In each case, this means that the Issuer will not acquire legal title and, in the case of registered land in England or Wales, will not be registered as proprietor and legal owner of the Mortgage at the Land Registry until certain trigger events occur under the terms of the Mortgage Sale Agreement (see "*The Portfolio — Sale of the Mortgages and their Related Security*", below) and certain steps are taken, including the giving of notices of the sale to the Borrowers and, in the case of Scottish Loans, the granting, delivery and registration of assignments of standard securities. In addition, it may not be possible for there to be a legal assignment or assignment of the benefit of insurance policies in relation to which the Issuer has acquired only an equitable interest or interest as beneficiary under a Scottish Declaration of Trust.

The Issuer has not and will not apply to the Land Registry, the Registers of Scotland or the Central Land Charges Registry to register or record its equitable or beneficial interest in the Mortgages and their Related Security.

There are certain consequences under English law and Scots law of the Issuer not obtaining legal title to the Loans and their Related Security or the Properties secured thereby:

- (a) a *bona fide* purchaser from the Seller for value of any of such Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Loan. However, the risk of third party claims obtaining priority to the interests of the Issuer in this way would be likely to be limited to circumstances arising from a breach by the Seller of its contractual obligations or fraud, negligence or mistake on the part of the Seller or the Issuer or their respective personnel or agents;
- (b) although as between the Seller and the Issuer, under the Servicing Agreement, the Seller has agreed that it will not vary any of the terms of the Loans or their Related Security except that it may in its capacity as Servicer vary certain terms in certain circumstances as set out in the Servicing Agreement, as between any Borrower and the Issuer, if the Seller were to modify the terms of the Loans and their Related Security the revised terms would apply and the Issuer would only have recourse against the Seller for breach of contract or breach of trust;
- (c) prior to the insolvency of the Seller, unless notice of the assignment (or an assignment perfected by notice) is given to a Borrower who is a creditor of the Seller in respect of the Loans and their Related Security, equitable or independent set-off rights (and certain analogous rights in Scotland) may accrue in favour of the Borrower against his or her obligation to make payments to the Seller under the Loan. These rights may result in the Issuer receiving reduced payments on the Loans. The transfer of the benefit of any Loans to the Issuer will continue to be subject to any prior rights the Borrower may become entitled to after the transfer. Where notice of the assignment (or an assignment perfected by notice) is given to the Borrower, however, some rights of set-off may not arise after the date notice is given;
- (d) once notice has been given to the Borrowers of the assignment (or an assignment perfected by notice) of the Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Seller (such as, for example, set-off rights associated with Borrowers holding deposits with the Seller) will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (which are set-off claims arising out of a transaction connected with the Loan) will not be affected by that notice and will continue to exist (see "*Risk Factors - Set-off risk may adversely affect the value of the Portfolio or any part thereof*" below); and
- (e) until notice of the assignment (or an assignment perfected by notice) is given to the Borrowers, the Issuer would not be able to enforce any Borrower's obligations under a Loan or Related Security itself but would have to join the Seller as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgages by repaying the Loan directly to the Seller. However, the Seller will undertake, pursuant to the Mortgage Sale Agreement, to hold any money repaid to it in respect of Loans to the order of the Issuer. However, for so long as the Issuer does not have legal title, the Seller will undertake for the benefit of the Issuer that it will lend its name to, and take

such other steps as may reasonably be required by the Issuer in relation to, any legal proceedings in respect of the Loans and their Related Security.

If any of the risks described above were to occur then the realisable value of the Portfolio or any part thereof may be affected. Under the Mortgage Sale Agreement, the Seller will grant to the Issuer and the Trustee a power of attorney to give them the power to do all further things and take all necessary action to perfect the transfer of legal title to the Loans and their Related Security on the occurrence of a Perfection Trigger Event (see "*Perfection Trigger Events*" in the section entitled "*Transaction Overview – Triggers Table – Non-Rating Triggers Table*").

Set-off risk may adversely affect the value of the Portfolio or any part thereof

As described above, the sale by the Seller to the Issuer of the Loans will be given effect by an equitable assignment (or, in the case of Scottish Loans and Related Security, the Seller will procure that a beneficial interest in the relevant Scottish Loans is created in favour of the Issuer pursuant to a Scottish Declaration of Trust, with legal title being retained by the Seller). As a result, legal title to the Loans and their Related Security sold by the Seller to the Issuer will remain with the Seller until the occurrence of a Perfection Trigger Event under the terms of the Mortgage Sale Agreement. Therefore, the rights of the Issuer may be subject to "transaction set-off", being the direct rights of the Borrowers against the Seller, including rights of set-off which occur in relation to transactions or deposits made between the Borrowers and the Seller existing prior to notification to the Borrowers of the assignment of the Loans.

The relevant Borrower may set off any claim for damages arising from the Seller's breach of contract against the Seller's (and, as equitable assignee of or holder of the beneficial interest in the Loans and the Mortgages in the Portfolio under each Scottish Declaration of Trust, the Issuer's) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. These set-off claims will constitute transaction set-off, as described above.

The amount of any such claim for damages against the Seller will, in many cases, be the cost to the Borrower of finding an alternative source of funds. The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses arising from the Seller's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

If the Borrower is unable to obtain an alternative mortgage loan, the Borrower may have a claim in respect of other indirect losses arising from the Seller's breach of contract where there are special circumstances communicated by the Borrower to the Seller at the time the Borrower entered into the Mortgage or which otherwise were reasonably foreseeable. A Borrower may also attempt to set off an amount greater than the amount of his or her damages claim against his or her mortgage payments. In that case, the Servicer will be entitled to take enforcement proceedings against the Borrower, although the period of non-payment by the Borrower is likely to continue until a judgment or decree is obtained.

Further, there may be circumstances in which:

- (a) a Borrower may seek to argue that certain Further Advances are unenforceable by virtue of non-compliance with the Consumer Credit Act 1974 (as amended) (the "CCA");
- (b) a Borrower may seek to argue that a mortgage loan is unenforceable under the FSMA or that there has been a breach of an FCA or PRA rule, and claim damages in respect thereof (see "*Certain Regulatory Considerations in respect of the Portfolio*"); or
- (c) certain Further Advances may rank behind security created by a Borrower after the date upon which the Borrower entered into its mortgage loan with the Seller.

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

Unauthorised capitalisations

A case in the Northern Ireland High Court in 2014 (*Bank of Scotland PLC v Rea*) brought to the attention of mortgage lenders generally, and the FCA, concerns over how mortgage lenders were capitalising arrears.

The issue relates to lenders who add arrears to an account balance and then use that balance to calculate the monthly payment without the borrower's consent. This practice is referred to as "automatic capitalisation" by the FCA. The principal concern with the practice highlighted by the Northern Ireland High Court is that it is often coupled with a practice under which, at the same time as capitalising the arrears, a separate record of the borrower's arrears is kept by the lender and then the lender seeks separate (and additional) payment of those arrears even though their payment has already been provided for in the calculation of the monthly payment. This may result in borrowers being incorrectly charged arrears charges and fees (on "arrears" that, because they have been capitalised, no longer subsist) and (where the borrower makes payment towards its separate "arrears balance" in addition to the monthly payment) overpayment (thereby reducing the balance of the loan more quickly than otherwise is required). This practice is in breach of the FCA rules applicable to Regulated Mortgage Contracts but may also be a breach of the contractual terms of a mortgage loan, whether or not it is a Regulated Mortgage Contract.

On 24 April 2017, the FCA issued finalised guidance relating to issues arising from automatic capitalisation, in particular cases where lenders both add arrears to an account balance (and as a result readjust the amount of regular payments due under the loan) and keep a separate record of the borrower's arrears and seek separate (and additional) payment of those. In the finalised guidance, the FCA state that they expect FCA authorised firms to ensure this practice ceases and to carry out remediation. The review period for remediation began from 25 June 2010 and the FCA expected all remediation programmes to be concluded by 30 June 2018. Borrowers which are in scope of the FCA guidance are those with current or past payment shortfalls on a Regulated Mortgage Contract or home purchase plan to which MCOB 13 applies.

The FCA have proposed a framework for remediation and in broad terms the FCA expect borrowers to be compensated for any incorrectly charged fees and interest and where fees have been paid by the customer, simple interest of 8 per cent. p.a. and simple interest of 8 per cent. on any "overpayments", i.e. any actual payments of monthly payments in excess of those which would have been required to pay off the arrears had there been no automatic capitalisation. Firms using the remediation framework will only reconstitute mortgage accounts where at least one automatic capitalisation resulted in an additional payment greater than £10 per month. Use of the framework is not mandatory, but the FCA expects firms to determine a remediation approach to achieve fair outcomes for the affected customers.

If any remediation is required or Borrowers bring claims in connection with their Loans in respect of an automatic capitalisation, such remediation and claims and any set-off by Borrowers in respect of such claims against the amount due by the Borrowers under the relevant Loans, may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans, and the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

The Seller has given a warranty in the Mortgage Sale Agreement that, so far as it is aware, no automatic capitalisation of any amount of interest and/or principal and/or other sums due but unpaid in respect of the Loans has taken place where (i) the relevant Borrower has not consented to such capitalisation and (ii) notwithstanding such capitalisation, the capitalised amount continues to be treated as immediately due and payable, which results in detriment to the relevant Borrower. If a Loan or its Related Security originated by the Seller does not comply with this warranty, and if the default cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, then the Seller would be required to repurchase the relevant Loan and its Related Security.

Levels of arrears

There can be no assurance that the arrears experience with respect to the Loans in the Portfolio will correspond to the experience of the Seller's overall mortgage account portfolio or that of the residential mortgage market in general. Noteholders should note that the UK has previously experienced a "boom and bust" economic effect in the residential property market. This trend is often exacerbated at times of change to monetary policy; for example, increases in interest rates. This boom and bust economic effect has led historically to higher levels of arrears and repossessions. There can be no assurance that the current economic environment will not lead to high levels of arrears and repossessions. Any increase in the level of forbearance, defaults and/or repossessions could have an adverse effect on the ability of the Issuer to make payments under the Notes.

Characteristics of the Portfolio

The information in the section headed "*Statistical Information on the Provisional Portfolio*" has been extracted from the systems of the Seller as at the Provisional Cut-Off Date. The pool of Loans from which the Portfolio will be selected (the "**Provisional Portfolio**") is comprised of 3,695 Loans (including Further Advances) with a Current Balance of £554,778,998 as at the Provisional Cut-Off Date. The Portfolio will be randomly selected from the Provisional Portfolio.

The characteristics of the Portfolio as at the Closing Date will vary from those set out in the tables in this Prospectus as a result of the operation of a random selection process. The Seller has not provided any assurance that there will be no material change in the characteristics of the Portfolio between the Provisional Cut-Off Date and the Closing Date.

There is therefore a risk that there could be a material difference between the characteristics of the Provisional Portfolio and those of the Portfolio, or a material change in the characteristics of the Provisional Portfolio between the Provisional Cut-Off Date and the Closing Date. Any material changes in the characteristics of the Portfolio between the Provisional Cut-Off Date and the Closing Date, may adversely affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments on the Notes. See section "*Characteristics of the Portfolio*" for more detail.

Interest Only Loans

Each Loan in the Portfolio may be repayable either on a capital repayment basis, an interest-only basis or a combination capital repayment/interest payment basis (see the section entitled "*The Portfolio – The Loans— Characteristics of the Loans – Repayment Terms*"). Where the Borrower is only required to pay interest during the term of the Loan, with the capital being repaid in a lump sum at the end of the term, the Borrower is required to ensure that a repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. In relation to interest only loans, the Seller verifies that the Borrower has a suitable repayment mechanism in place and will only accept a limited range of such vehicles. Repayment vehicles must cover the full outstanding capital owed and the Seller will decline the application if this repayment mechanism is deemed to be unacceptable. Affordability for interest only loans is calculated using the borrower(s) net disposable income and a stressed reference rate on a capital and interest repayment basis, such that the interest only element is settled at the end of the requested term. Where the Borrower takes out term life assurance cover in relation to the Loan, the Seller does not verify or take security over such policies.

Borrowers may not have been making payment in full or on time of the premiums due on any relevant investment or life policy, which may therefore have lapsed and/or no further benefits may be accruing thereunder. In certain cases, the policy may have been surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not have been applied in paying amounts due under the Loan. Thus the ability of such a Borrower to repay an Interest Only Loan at maturity without resorting to the sale of the underlying Property depends on such Borrower's responsibility in ensuring that sufficient funds are available from a given source such as pension policies, ISA or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an Interest Only Loan and a Loss occurs, this may affect repayments on the Notes if the resulting Principal Deficiency Ledger entry cannot be cured. For further information please refer to the section entitled "*Regulation of the UK Residential Mortgage Industry - Interest Only Mortgages*".

On 15 August 2023 the FCA published their "*Research Note: Interest-only mortgages: analysis of FCA mortgage data and consumer research*" following which they consulted with 12 mortgage lenders and administrators (the "**Industry Working Group**") to help inform a review of their existing guidance "Dealing fairly with interest-only mortgage customers who risk being unable to repay their loan" dated 29 August 2013. Following the FCA's final meeting on 24 July 2024 with the Industry Working Group, it is unclear whether any changes they may make will be prejudicial to the Issuer or affect payments by any Borrower with an Interest Only Loan.

MIG Loans

Pursuant to the Mortgage Sale Agreement, the Seller has undertaken to transfer any MIG Collections received by it in relation to the MIG Loans in the Portfolio to the Transaction Account. See "*The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement – MIG Loans*". The Cash Manager will include

the amounts of any MIG Collections transferred to the Transaction Account into the determination of Available Principal Receipts and will (on behalf of the Issuer) apply such amounts on the immediately following Interest Payment Date in accordance with the applicable Priority of Payments.

Prospective investors should note that, in the event of insolvency of the Seller, any MIG Collections received by it and not yet transferred to the Transaction Account will form part of the insolvency estate of the Seller. In these circumstances, no assurance can be given that the Issuer will receive the full amount of the MIG Collections to which it is entitled in accordance with the contractually agreed timeline, which could have an adverse effect on the ability of the Issuer to make payments under the Notes.

CERTAIN INSOLVENCY RISKS

Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. Recent cases have focused on provisions involving the subordination of a swap provider's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms which will be included in the Transaction Documents, including those relating to the Swap Subordinated Amounts.

The UK Supreme Court held that such a subordination provision is valid under English law. Contrary to the determination of the UK Supreme Court, the U.S. Bankruptcy Court held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment remain unresolved, particularly as several subsequent challenges to the U.S. decision have been settled and certain other actions which raise similar issues are pending but have not progressed for some time.

Based on the findings of the U.S. Bankruptcy Court, there is a risk that a Secured Creditor in U.S. debtor-in-possession bankruptcy proceeding could successfully challenge the subordination provisions contemplated by the Deed of Charge to the extent that such provisions provide for certain payment rights of a creditor to be conditional upon whether or not an Event of Default related to the commencement of insolvency or bankruptcy proceedings or a deterioration of financial condition has occurred with respect to that creditor.

If a creditor of the Issuer (such as the Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US) and it is owed payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents. Laws may be relevant in certain circumstances with respect to a range of entities, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). In general, if a subordination provision included in the Transaction Documents (such as the subordination of the Swap Subordinated Amounts) was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes, and/ or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues under discussion in the judgements referred to above and that the Transaction Documents will include terms providing for the subordination of payments due to certain parties in certain circumstances post-enforcement, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may be adversely affected.

Security and Insolvency considerations

Under and pursuant to the Deed of Charge, the Issuer has created the Security in respect of certain of its obligations, including its obligations under the Notes. In certain circumstances, including the occurrence of certain Insolvency Events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the relevant security impaired. In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of *ipso facto* clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the "**Restructuring Plan**") that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the application of the new moratorium regime and the ban on *ipso facto* clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws or the laws affecting the creditors' rights generally).

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of Sections 174A, 176ZA and 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of the Secured Creditors under the Deed of Charge may be used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the Secured Creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

Fixed charges may take effect under English law as floating charges

Pursuant to the Deed of Charge, the Issuer will grant fixed charges over, amongst other things, the Loans and Related Security purchased from time to time. The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law as floating charges only, if, for example, it is determined that the Trustee does not exert sufficient control over the Charged Property. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but Section 176A of the Insolvency Act requires a "prescribed part" (up to a maximum amount of £800,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any

administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

If any claims have priority over the claims of the Trustee in respect of the floating charge assets, this could adversely affect Noteholders.

Under Scots law, there is no concept of re-characterising fixed charges as floating charges and so the Issuer has, under the Deed of Charge, granted a floating charge over all of its Scottish assets in addition to fixed security granted or to be granted over its interests in the Scottish Loans and their Related Security pursuant to a Scottish Supplemental Charge.

Liquidation expenses

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016 (as amended).

As a result of the changes described above, upon the enforcement of the floating charge security to be granted by the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations.

Corporate Insolvency and Governance Act 2020

The Corporate Insolvency and Governance Act 2020 ("CIGA") came into force on 26 June 2020. The CIGA introduces significant new corporate restructuring tools to the UK insolvency regime. The principal elements of the CIGA are a moratorium on certain actions taken against eligible companies, a prohibition on termination of certain contracts triggered by certain insolvency-related events of an eligible company (the "***ipso facto* termination provisions**") and a new compromise procedure allows for a 75 per cent. majority of creditors or members in each class to bind others in the same class even if they do not vote in favour. It is also possible for one class of creditors to bind all others, including secured creditors (a "**cross-class cram down**").

The Issuer is not expected to be an eligible company for purposes of either the moratorium provisions or of the *ipso facto* termination provisions of the CIGA as the Issuer is expected to be a securitisation company within the meaning of the Taxation of Securitisation Companies Regulations 2006. The Issuer is further not expected to be an eligible company for purposes of the moratorium provisions, and the Transaction Documents are not expected to be subject to the *ipso facto* termination provisions, because the Transaction is expected to constitute a "**capital market arrangement**" and the Notes a "**capital market investment**" (each as defined under paragraphs 13 and 14 of new schedule ZA1 to the Insolvency Act introduced by CIGA). That said, if for any reason the Issuer is an eligible company for the purposes of the moratorium or the *ipso facto* termination provisions, application of these provisions could result in a material adverse effect on the ability of Noteholders to accelerate their debts and enforce the security granted under the Deed of Charge in a timely manner, which in turn may result in material losses being incurred by Noteholders.

Further, although the Issuer is theoretically within the scope of the new cross-class cram down provisions, given the fact that it is established as an insolvency remote vehicle, with limited third party creditors and where its Secured Creditors have entered into non-petition covenants and limited recourse provisions it is unlikely to fulfil the prerequisites for the cross-class cram down to apply in practice. If, however, the cross-class cram down provisions were to be used in respect of the Issuer, it would be possible under some circumstances for 75 per cent. by value of the creditors in one class to approve a compromise and thereby "cram down" dissenting classes of creditors, which, if approved by the court, may result in material losses being incurred by Noteholders.

However, the CIGA may impact the ability of the Servicer (acting on behalf of the Issuer) to bring proceedings against a Borrower which is a corporate entity or to enforce Mortgages and other Related Security securing a mortgage loan to a corporate in case of a moratorium (unless the relevant Borrower which is a corporate entity is ineligible company under the CIGA). The inability of the Servicer (acting on behalf of the Issuer) to obtain timely and complete payment of debts from Borrowers may in turn have a material adverse effect on the ability of the Issuer to make timely and complete payments under the Notes.

CERTAIN REGULATORY RISKS IN RESPECT OF THE NOTES

Change of law

The structure of the transaction as described in this Prospectus and, *inter alia*, the issue of the Notes and the ratings which are to be assigned to the Class A Notes are based on the law, regulation, accounting and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

Risks relating to the Banking Act 2009 and its impact on NBS

The Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including building societies, authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. The Banking Act Special Resolution Regime would apply to NBS as a UK incorporated building society. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution. Relevant transaction parties for these purposes include the Seller, the Retention Holder, the Servicer, the Issuer Account Bank and the Collection Account Bank.

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the UK. The Banking Act includes provisions related to compensation in respect of instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of a relevant entity as described above, such action may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the Transaction Documents or in other modifications to such documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the

discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined default events have occurred (which events may include trigger events included in the Transaction Documents in respect of the relevant entity, including termination events and trigger events in respect of perfection of legal title to the Loans). As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entities referred to above and there has been no indication that any such instrument or order will be made, but there can be no assurance that this will not change and/or that the Noteholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes

In the UK, Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset backed securities industry. This has resulted in a large number of measures for increased regulation which are at various stages of implementation, and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the notes are responsible for analysing their own regulatory position and none of the Issuer, any Arranger, any Joint Lead Manager or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the relevant Closing Date or at any time in the future.

It is not certain whether the impact of any change in law or change in any regulatory, accounting or administrative practice, or in the published practice of the UK tax authorities or tax authorities of any other relevant taxing jurisdiction, or in the interpretation or administration of any such law or practice, after the date of this Prospectus could adversely affect the ability of the Issuer to make payments under the Notes, the market value of the Notes, the Noteholders' ability to resell their Notes and/or the Servicer's ability to perform its obligations under the Transaction Documents.

Distance Marketing Regulations

The Financial Services (Distance Marketing) Regulations 2004 (the "**DM Regulations**") apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of the DM Regulations and by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). The DM Regulations (and MCOB in respect of activities related to Regulated Mortgage Contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions, and whether or not there is a right of cancellation. A Regulated Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the UK, will not be cancellable under the DM Regulations but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under the DM Regulations if the borrower does not receive the prescribed information at the prescribed time, or in any event for certain unsecured lending.

Where the credit agreement is cancellable under the DM Regulations, the borrower may send notice of cancellation at any time before the end of the 14th calendar day beginning with the day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the borrower receives the last of the prescribed information. Compliance with the DM Regulations may be secured by way of injunction (interdict in Scotland), granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, *inter alia*, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

If the borrower cancels the credit agreement under these DM Regulations, then:

- (a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if: (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the Borrower); and
- (c) any security provided in relation to the contract is to be treated as never having had effect in respect of the cancelled agreement.

If a significant portion of the Loans are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of those amounts, affecting the Issuer's ability to make payments in full on the Notes when due.

Consumer Protection from Unfair Trading Regulations 2008 and Digital Markets, Competition and Consumers Act 2024

On 11 May 2005, the European Parliament and Council adopted a directive on unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). The Unfair Practices Directive was implemented into UK law through the Consumer Protection from Unfair Trading Regulations 2008 ("**CPUTRs**"). The CPUTRs came into effect on 26 May 2008, and affected all contracts entered into with persons who are natural persons and acting for purposes outside their respective business. Although the CPUTRs are not concerned solely with financial services, they did do apply to the residential mortgage market.

Under the CPUTRs a commercial practice is to be regarded as unfair and prohibited if it is:

- (a) contrary to the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or general principles of good faith in the trader's field of activity; and
- (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer (who is reasonably well-informed and reasonably observant and circumspect, and taking into account social, cultural and linguistic factors) who the practice reaches or to whom it is addressed (or where a practice is directed at or is of a type which may affect a particular group of consumers, the average consumer of that group).

In addition to the general prohibition on unfair commercial practices, the CPUTRs contained provisions aimed at aggressive and misleading practices (including, but not limited to: (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct) and a list of practices which will in all cases be considered unfair. The effect of the CPUTRs on the Loans, the Seller or the Issuer and their respective businesses and operations depended on whether those entities engage in any of the practices described in the CPUTRs. Whilst engaging in an unfair commercial practice did not render a contract void or unenforceable, to do so was an offence punishable by a fine and/or imprisonment and, as discussed further below, in certain circumstances the Consumer Protection (Amendment) Regulations 2014 had provide consumers with a right to unwind agreements. In practical terms, the CPUTRs have not added much to the regulatory requirements that were already in place, such as treating customers fairly and conduct of business rules. Breach of the CPUTRs would have initiated intervention by a regulator.

On 14 March 2013, the EU Commission published the results of its review on the application of the Unfair Practices Directive. The EU Commission did not propose extending the directive but noted a need for intensified national enforcement and greater co-operation in cross-border enforcement and stated its intention to consider further how it can play a more active role in enforcement and to continue to perform in-depth reviews of how the directive works in practice.

The Consumer Protection (Amendment) Regulations 2014 came into force on 1 October 2014. The legislation gave consumers a direct right of action including a right to unwind agreements within 90 days of entering into the contract if a misleading or aggressive practice under the CPUTR was a significant factor in the consumer's decision to enter into the contract. The amendments to CPUTR also extended the regime so that it covers misleading and aggressive demands for payment. The legislation applied to demands for payment for restricted-use credit (where the credit must be used to finance a particular transaction) where the misleading or aggressive commercial practice:

- (a) began before 1 October 2014 and continues after that date – however, a consumer will only be able to exercise his new direct rights of action if a contract is entered into, or payments are made, after the date the legislation comes into force; and
- (b) occurs on or after 1 October 2014.

On 24 May 2024 the Digital Markets, Competition and Consumers Bill received royal assent, becoming the Digital Markets, Competition and Consumers Act 2024 ("**DMCCA**"). The DMCCA revokes the CPUTR and recreates their effect, with minor amendments (Part 4 of the DMCCA), prohibiting unfair commercial practices in business to consumer relationships. In addition to some minor amendments to the CPUTR rules, the new regime introduces new rules on consumer reviews, drip pricing and consumer vulnerability. In addition, the DMCCA largely replicates the list of specified banned practices contained in the CPUTR and creates new powers to expand the list of automatically unfair practices. Under the DMCCA, the unfair commercial practices regime, along with all other consumer protection legislation, becomes subject to a new enforcement regime under which the CMA enjoys new direct enforcement powers, which operates in parallel with a court-based enforcement regime.

The new unfair commercial practices regime established by the DMCCA applies to acts or omissions which take place on or after 6 April 2025. It cannot be excluded that the new rules and enforcement regime under the DMCCA will not adversely affect the ability of the Issuer to make payments to Noteholders.

Repossessions

The pre-action protocol for repossessions based on mortgage or home purchase plan arrears in respect of residential property in England and Wales which came into force on 6 April 2015, replacing the protocol dated 19 November 2008. The protocol sets out the steps that judges will expect any lender to take before starting a claim. The protocol is addressed to residential mortgage lenders and may have adverse effects in markets experiencing above average levels of possession claims.

Pursuant to MCOB 13, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (amongst other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FCA indicated that it did not expect each forbearance option to be explored at every stage of interaction with the borrower, it is clear that the rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions. As a result, the rules may operate in certain circumstances to require the Servicer to take certain forbearance-related actions which do not comply with the Transaction Documents (and, in particular, the asset servicing arrangements contemplated by such Transaction Documents) in respect of one or more Loans. No assurance can be made that any such actions will not impact on the Issuer's ability to make payments in full when due on the Notes, although the impact of this will depend on the number of Loans which involve a borrower which experiences payment difficulties.

The Mortgage Repossession (Protection of Tenants etc.) Act 2010 (the "**Repossession Act**") came into force in October 2010. The Repossession Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order. The Repossession Act may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and a lower repayment rate on the Notes.

For further information on mortgage repossessions, please refer to the section entitled "*Regulation of the UK Residential Mortgage Industry - Mortgage repossessions*" below.

Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Servicer may serve notice to the tenant to obtain vacant possession of the Property, in which case the Servicer will only be able to sell the Property as an investment property with one or more sitting tenants. This may affect the amount which the Servicer could realise upon enforcement of the Mortgage and the sale of the Property. In such a situation, amounts received in rent may not be sufficient to cover all amounts due in respect of the Loan. However, enforcement procedures in relation to such Mortgages (excluding any Scottish Mortgages) include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the Loan.

There can be no assurance that any delay in starting and/or completing repossession actions by the Seller would not result in the amounts recovered being less than if the Seller did not allow any such delays (which may ultimately affect the ability of the Issuer to make payments of interest and principal on the Notes when due). The protocol, the Repossession Act and MCOB requirements for mortgage possession cases may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and a lower repayment rate on the Notes.

The EU Securitisation Regulation and the UK Securitisation Framework

The Transaction described in this Prospectus is subject to (i) the UK Securitisation Framework as it applies from time to time, and (ii) the EU Securitisation Regulation (as in force on the Closing Date and as if it were applicable to the Issuer and NBS). Investors to which the EU Securitisation Regulation applies should also see the section "*Certain Regulatory Requirements*".

The EU Securitisation Regulation and the UK Securitisation Framework (as applicable) each include risk retention and transparency requirements (imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and due diligence requirements imposed on Affected Investors in a securitisation.

If the due diligence requirements under the EU Securitisation Regulation and/or the UK Securitisation Framework (as applicable) are not satisfied then, depending on the regulatory requirements applicable to such Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or the Affected Investor.

While the content of the UK Securitisation Framework is, as at the date of this Prospectus, broadly similar in substance to the content of the EU Securitisation Regulation, divergence between the UK Securitisation Framework and the EU Securitisation Regulation already exists and the risk of further divergence in the longer term cannot be ruled out.

On 17 February 2026, the FCA published Consultation Paper CP26/6: Rules for reforming the UK Securitisation Framework and the PRA published Consultation Paper CP2/26: Reforms to securitisation requirements. The consultations propose, among other things, (a) the introduction of L-shaped risk retention options, (b) a less prescriptive regulatory approach to due diligence requirements designed in part to facilitate investment by UK institutional investors in overseas securitisations, (c) a more principles-based approach to disclosure obligations, including reducing the number and complexity of disclosure templates and eliminating the requirement to report to a securitisation repository, (d) adjustments to resecuritisation rules, and (e) targeted adjustments to bank capital rules to make them more fit for purpose in respect of certain public and private mortgage guarantee schemes. Some of the proposed changes would require an amendment to the SR 2024, which has not yet been proposed by HM Treasury, although the consultations note that this is under consideration. The closing date for responses to the consultations was 18 May 2026. Final rules made following these consultations may result in material changes to the UK Securitisation Framework that may significantly increase the level of divergence with the EU Securitisation Regulation. Since the due diligence rules applicable to UK occupational pension schemes are contained in the SR 2024, it is possible that the final rules made following the current consultations could also increase the level of divergence between, on the one hand, the due diligence rules under the PRA Securitisation Rules and SECN, and on the other hand the due diligence rules applicable to occupational pension schemes under the SR 2024.

In addition, it is expected that the EU Securitisation Regulation regime will be amended as a result of the wider review, under Article 46 of the EU Securitisation Regulation, of the functioning of the EU Securitisation Regulation regime. On 17 June 2025, the European Commission published their proposal regarding legislative amendments to the securitisation regulation framework, including changes to the EU Securitisation Regulation. The proposal anticipates, among other things, changes to the way in which deals are classified as public or private securitisations, simplifying the reporting templates for securitisations, changes to how relevant participants are required to disseminate the reporting templates they produce, and simplifications of the due diligence process for certain institutional investors. All of the proposed amendments remain subject to change. It is unclear at this time whether such proposals will become effective in the form published in the proposal and what impact such amendments will have on the obligations of parties to a securitisation such as that issued by the Issuer. Certain aspects are also subject to the development of secondary legislation.

There is a risk that the changes described above may result in, among other things, a decrease in demand for the Notes in the secondary market, which may lead to a decreased price for the Notes, or decreased liquidity and increased volatility in the secondary market. Therefore, an investor's ability to resell its Notes may be limited by market conditions, and an investor must be prepared to bear the risk of holding its Notes until maturity.

Transparency Requirements under the EU Securitisation Regulation and the UK Securitisation Framework

The Seller will make the required disclosures in accordance with the transparency requirements set out in Chapter 2, Article 7 of the PRA Securitisation Rules. With regard to the transparency requirements set out in the EU Technical Standards, the Seller will make the required disclosures in accordance with the EU Technical Standards (as in force on the Closing Date). Investors should note that failure to comply with one or more of the disclosure requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the Notes acquired by the relevant investor.

Prospective investors should note that the obligation of the Seller to comply with the EU Reporting Requirements is strictly contractual. If, after the date of this Prospectus, there are any amendments or changes to the EU Reporting Requirements, the Seller may elect, at its sole discretion, not to comply with the EU Reporting Requirements following any such amendments or changes thereto. If the Seller elects not to comply with the EU Reporting Requirements following any amendments or changes thereto, the Cash Manager shall, without delay, procure the publication of an inside information and significant event report in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to the Seller and the Issuer) and Article 7(1)(f) or Article 7(1)(g) (as applicable) of Chapter 2 of the PRA Securitisation Rules, giving notice that the Seller shall no longer comply with the EU Reporting Requirements. Prospective investors should therefore note that if the Seller elects not to comply with any amendments or changes to the EU Reporting Requirements that come into effect after the Closing Date, then the EU Reporting Requirements may no longer be complied with following such changes or amendments coming into effect.

Prospective investors are referred to the sections entitled "*Certain Regulatory Requirements*" for further details and should note that there can be no assurance that undertakings relating to compliance with the UK Securitisation Framework or the EU Securitisation Regulation, the information in this Prospectus or information to be made available to investors in accordance with such undertakings will be adequate for any prospective institutional investors to comply with their due diligence obligations under the EU Securitisation Regulation or the UK Securitisation Framework.

UK Simple, Transparent and Standardised Securitisation and UK STS Designation

The UK Securitisation Framework also sets out the criteria and procedures applicable to UK securitisations seeking the designation as "simple, transparent and standardised" securitisations ("**UK STS Securitisations**") with each such securitisation being a "**UK STS Securitisation**"). In order to meet this designation, a transaction is required to comply with certain criteria (the "**UK STS Criteria**") and one of the originator or sponsor in relation to such transaction is required to submit a notification to the FCA (a "**UK STS Notification**") confirming that the requirements of the UK Securitisation Framework with respect to UK STS Securitisations (the "**UK STS Criteria Requirements**") have been satisfied with respect to such transaction.

The Seller believes, to the best of its knowledge, that the elements of the UK STS Criteria will have, at the Closing Date, been complied with in relation to the Notes, and it is intended that a UK STS Notification will be filed in relation to the Notes on the Closing Date. However, none of the Joint Lead Managers, the Arrangers, the Trustee, the Agents, the Issuer Account Bank or any other party gives any explicit or implied representation or warranty (a) as to inclusion in the list administered by the FCA within the meaning of SECN 2.5, (b) that the securitisation transaction described in this Prospectus does or continues to comply with the UK Securitisation Rules or (c) that this securitisation transaction does or continues to be recognised or designated as "STS" or "simple, transparent and standardised" within the meaning of Regulations 9 and 12 of the Securitisation Regulations 2024 (SI 2024/102) made on 29 January 2024 and amended by The Securitisation (Amendment) Regulations 2024 (together, the "**SR 2024**") after the date of this Prospectus. The "STS" status of the Notes may change, and prospective investors should verify the current status of the Notes on the FCA's website. Investors should also note that, to the extent the Notes are designated as a UK STS Securitisation, the designation of a transaction as a UK STS Securitisation is not an assessment by any party as to the creditworthiness of that transaction but is instead a reflection that the specific requirements of the UK Securitisation Framework have been met as regards compliance with the UK STS Criteria.

Investors should consider the consequence from a regulatory perspective of the Notes not being considered a UK STS Securitisation, including (but not limited to) that the lack of such designation may negatively affect the regulatory position the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market.

None of the Arrangers or the Joint Lead Managers or any of their respective affiliates, make any representation or accept liability with respect to whether or not the transaction qualifies as a UK STS Securitisation. For the avoidance of doubt, as at the date of this Prospectus, the Notes are not capable of qualifying as an STS Transaction within the meaning of Article 18 of the EU Securitisation Regulation, and designation as a UK STS Securitisation does not meet, as at the date of this Prospectus, the STS requirements under the EU Securitisation Regulation (primarily due to jurisdictional requirements following the UK withdrawal from the EU), and, as such, better or more flexible regulatory treatment under the relevant EU regulatory regimes will not be available. While it is possible that in due course, as part of the wider review of the EU Securitisation Regulation regime, an equivalence regime for non-EU STS Securitisations may be introduced in the EU, resulting in the UK STS Criteria being considered equivalent (akin to the equivalence regime introduced by the FSMA for non-UK STS Securitisations), no assurances can be made that such equivalence regime will be introduced or that, when introduced, it will benefit the EU regulatory treatment of the Notes. For such reason, the Notes are not listed on the ESMA register of notes as being related to an EU STS Transaction, and no notification will be made to ESMA pursuant to the EU Securitisation Regulation.

It is important to note that the involvement of Prime Collateralised Securities (PCS) UK Limited as an authorised third party verification agent under Regulation 25 of the SR 2024 (the "**Authorised Verification Agent**") is not mandatory, and the responsibility for compliance with the UK Securitisation Framework (or, if applicable, EU Securitisation Regulation) remains with the relevant institutional investors, originators, sponsors, funding entities and issuers, as applicable in each case. A UK STS Assessment will not absolve such entities from making their own assessment and assessments with respect to the UK Securitisation Framework, the relevant provisions of Article 243 and Article 270 of the UK Capital Requirements Regulation 2013 and/or Article 7 and Article 13 of the UK LCR Regulation, and a UK STS Assessment cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities. Furthermore, the UK STS securitisation designation is not an opinion on the creditworthiness of the Notes nor on the level of risk associated with an investment in the relevant Notes. It is not an indication of the suitability of the Notes for any investor and/or a recommendation to buy, sell or hold Notes.

Risks relating to Volcker Rule

The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-US banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 1 April 2014, but was subject to a conformance period for certain funds which concluded on 21 July 2015. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the

exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. The Issuer is relying on an exclusion or exemption under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7). The Issuer has been structured so as not to constitute a "covered fund" for purposes of the Volcker Rule and its implementing regulations.

If the Issuer is considered a "covered fund", the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See also "*Certain Regulatory Disclosures – Volcker Rule*" for more detail.

US Risk Retention

The U.S. Risk Retention Rules came into effect on 24 December 2016 and generally require the "sponsor" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction will not involve risk retention by the Seller for the purposes of the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-US transactions. Such non-US transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"); (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is an unincorporated branch located in the United States of a non-US entity; and (4) no more than 25 per cent. (as determined based on unpaid principal balance) of the underlying collateral was acquired directly or indirectly from a majority-owned affiliate of the sponsor or issuer organised under the laws of or (in case of an unincorporated branch or office) or located in the U.S. or any other state.

The Transaction provides that the Notes may not be purchased by Risk Retention U.S. Persons except in accordance with the exemption under Section 20 and with the prior consent of NBS. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is different from the definition of U.S. person under Regulation S under the Securities Act ("**Regulation S**") and that an investor could be a Risk Retention U.S. Person but not a U.S. person under Regulation S.

The consequences of non-compliance with the U.S. Risk Retention Rules are unclear, but investors should note that the liquidity and/or value of the Notes could be adversely affected by any such non-compliance.

Financial Services Compensation Scheme

The Notes are not guaranteed by the UK Government under the asset-backed securities guarantee scheme. Also, any investment in the Notes does not have the status of a protected claim under the UK Financial Services Compensation Scheme and, accordingly, the Notes will not confer any entitlement to compensation under that scheme.

CERTAIN TAX CONSIDERATIONS

Withholding tax under the Notes

For UK tax purposes, as at the date of this Prospectus, so long as the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007, payment of interest on the Notes may be made without withholding or deduction for or on account of UK income tax. However, there can be no assurance that the law in this area will not change during the life of the Notes.

The Stock Exchange is currently a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. In the event that any withholding or deduction for or on account of UK income tax is imposed in respect of payments made to the Noteholders under the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction. However, where any withholding or deduction for or on account of any UK taxes, duties, assessments or governmental charges is imposed on payments in respect of the Notes by reason of a change in tax law which becomes effective on or after the Closing Date, the Issuer will, in accordance with Condition 9.4 (*Optional Redemption in whole for taxation reasons*) of the Notes, be required to mitigate such an imposition through the appointment of a Paying Agent in another jurisdiction or using reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction if such action would avoid the imposition of the withholding or deduction.

The applicability of any withholding or deduction for or on account of UK tax on payments on the Notes is discussed further under "*UK Taxation*".

UK corporation tax treatment of Issuer

The Taxation of Securitisation Companies Regulations 2006 (the "**TSC Regulations**") deal with the corporation tax position of securitisation companies such as the Issuer for accounting periods beginning on or after 1 January 2007.

If the TSC Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents. The Issuer has been advised that it should fall within the TSC Regulations in relation to the transactions described in this Prospectus and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the TSC Regulations) for so long as it satisfies the conditions of the TSC Regulations.

Prospective Noteholders should note that if the Issuer did not fall to be taxed under the regime provided for by TSC Regulations then its profits or losses for tax purposes might be different from its cash position and the Issuer may be subject to Tax liabilities not contemplated in the cashflows for the transaction described in this Prospectus. In particular, the deduction of interest payments made by the Issuer on the Notes may be partially or fully disallowed for UK corporation tax purposes which could cause a significant divergence between the cash profits and the taxable profits of the Issuer. In these circumstances, such Tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in the Noteholders receiving less interest and/or principal than expected.

RISKS RELATING TO BOOK-ENTRY INTERESTS

Book-Entry Interests

Unless and until Definitive Certificates are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes under the Trust Deed. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Notes to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

A nominee of the Common Safekeeper or the Common Depositary (as applicable) will be considered the registered holder of the Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal holder of the Global Notes under the Trust Deed while the Notes are represented by the Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to the clearing systems. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of Book-Entry Interests held through such participants or

indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, the Agents, the Cash Manager or the Issuer Account Bank will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Certificates are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*" below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Agents, the Cash Manager, the Issuer Account Bank or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to recall such Notes because some investors may be unwilling to buy Notes that are not in physical form.

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements.

RISKS RELATING TO THIRD PARTIES

Credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of the Loans and Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the Loans, which may adversely affect payments on the Notes. This risk is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Key Structural Features*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

Liquidity of the Issuer

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date for various reasons including (i) payments being made late by Borrowers after the end of the relevant Collection Period (ii) contractual interest rates of the Loans being lower than required by the Issuer in order to meet its commitment to pay interest on the Notes, and (iii) the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes. This risk is addressed in respect of the Notes by the provision of liquidity from alternative sources as described in the section entitled "*Key Structural Features*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

Issuer's Reliance on Third Parties

The Issuer is also party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Swap Provider has agreed to provide hedging to the Issuer, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer, the Issuer Account Bank has agreed to provide the Transaction Account to the Issuer, the Servicer has agreed to service the Portfolio, the Cash Manager has agreed to provide cash management services to the Issuer, the Principal Paying Agent has agreed to providing paying agency services in respect of the Notes, the Back-Up Servicer Facilitator has agreed to assist in appointing a replacement servicer at such time as one needs to be appointed, and the Agent Bank and the Registrar have agreed to provide certain agency services to the Issuer in respect of the Notes.

In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, payments on the Notes may be adversely affected.

The Issuer may from time to time become subject to regulatory, rating or other requirements that may require the affected entity to appoint additional third parties (or increase the level of responsibility of an existing third party) to provide relevant services and/or incur additional costs and expenses to enable it to comply with the regulatory requirements. The Issuer may be in breach of the regulatory requirements and adversely affected if it were to be unable to find a third party to provide the relevant services or perform them itself. Moreover, any such regulatory requirements may give rise to additional costs and expenses for the affected entity, which would be payable prior to making payments with respect to the Notes and thereby reduce amounts available to make such payments.

The Servicer

The Servicer will be appointed by the Issuer to administer the Loans pursuant to the terms of a Servicing Agreement (the "**Servicing Agreement**").

If the appointment of the Servicer is terminated and the performance of the Administration Services is assumed by a replacement servicer in accordance with the terms of the replacement servicing agreement, the collection of payments on the Loans and the provision of the Administration Services could be disrupted during the transitional period in which the performance of the Administration Services is transferred to the replacement Servicer. Any failure or delay in collection of payments on the relevant Loans, or in identifying and allocating collections attributable to the Loans, resulting from a disruption in the administration of the Loans could ultimately adversely affect payments of interest and principal on the Notes. A failure or delay in the performance of the Administration Services, in particular reporting obligations, could affect the payments of interest and principal on the Notes (as to which see "*Estimations and Reconciliations*" in the section entitled "*Key Structural Features*").

The Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion.

The Replacement Servicer

Following a Servicer Termination Event, there can be no assurance that a replacement Servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Loans. In addition, as described below any such replacement Servicer will be required to be authorised under the Financial Services and Markets Act 2000 (the "**FSMA**") in order to administer Loans that constitute Regulated Mortgage Contracts. The ability of any entity acting as a replacement Servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a replacement Servicer may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes.

The failure of the replacement Servicer to assume the performance of the Administration Services following the termination of the appointment of the Servicer as servicer in accordance with the Servicing Agreement could result in the failure or delay in collection of payments on the relevant Loans and ultimately could adversely affect payment of interest and principal on the Notes. Similarly, if the replacement servicer assumes performance of the Administration Services as replacement Servicer there can be no assurance that if required, a replacement Servicer could be found. A replacement Servicer would have no obligation itself to advance payments that Borrowers fail to make in timely fashion.

Change of counterparties

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Issuer Account Bank and the Swap Provider) are required to satisfy certain criteria in order to remain a counterparty to the Issuer.

These criteria may include requirements imposed by the FCA under the FSMA and requirements in relation to the short-term and long-term unguaranteed and unsecured ratings, counterparty ratings or deposit ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may (but shall not be obliged to) agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers (as to which see risk factor "*Meetings of Noteholders, Modification and Waiver*").

The applicable rating criteria may also change over time which could have an impact on the ratings of the Class A Notes.

Ratings of the Class A Notes

For the avoidance of doubt and unless the context otherwise requires, any reference to "**ratings**" or "**rating**" in this Prospectus is to the ratings assigned by the specified Rating Agencies only.

A rating is not a recommendation to buy, sell or hold securities and there is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any one or more of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Class A Notes may be lowered or withdrawn. A qualification, downgrade, suspension or withdrawal of any of the ratings as discussed above may impact upon the value of the Notes. The Class B Notes will not be rated by the Rating Agencies.

Agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Notes.

As highlighted above, the ratings assigned to the Class A Notes by each Rating Agency are based on, among other things, the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the Swap Provider, the Cash Manager, the Custodian and the Issuer Account Bank. In the event one or more of these transaction parties are downgraded, there can be no assurance that a replacement to that counterparty will be found which has the ratings required to maintain the then current ratings of the Class A Notes. If a replacement counterparty with the requisite ratings cannot be found, this is likely to have an adverse impact on the rating of the Class A Notes and, as a consequence, the resale price of such Notes in the market and the *prima facie* eligibility of such Notes for use in certain liquidity schemes established by the Bank of England.

Ratings confirmation in relation to the Class A Notes in respect of certain actions

The terms of certain Transaction Documents require the Rating Agencies to confirm that certain actions proposed to be taken by the Issuer and the Trustee will not have an adverse effect on the then current rating of the Class A Notes (a "**Ratings Confirmation**").

A Ratings Confirmation that any action proposed to be taken by the Issuer or the Trustee will not have an adverse effect on the then current rating of the Class A Notes does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or

prejudicial to, Noteholders. While entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the Class A Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Noteholders), the Issuer, the Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Noteholders), the Issuer, the Trustee or any other person whether by way of contract or otherwise.

Any such Ratings Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Ratings Confirmation in the time available or at all, and the Rating Agency should not be responsible for the consequences thereof. A Ratings Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Ratings Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Certain Rating Agencies have indicated that they will no longer provide Ratings Confirmations as a matter of policy. To the extent that a Ratings Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions.

The Conditions provide that if a Ratings Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Ratings Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Trustee) and (i) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Ratings Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Ratings Confirmation or response or (B) within 30 days of delivery of such request, no Ratings Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Ratings Confirmation or response could not be given; and (ii) one Rating Agency gives such Ratings Confirmation or response based on the same facts, then such condition to receive a Ratings Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Ratings Confirmation or response from the Non-Responsive Rating Agency if the Issuer (or the Servicer on its behalf) provides to the Trustee a certificate (upon which the Trustee can rely without further investigation and without liability to any person) certifying and confirming that the events in one of (i)(A) or (B) above and the event in (ii) above has occurred following the delivery by or on behalf of the Issuer of a written request to each Rating Agency.

Where a Ratings Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer (or the Servicer on its behalf) within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Notes as a result of the action or step.

Such a downgrade, qualification or withdrawal to the then current ratings of the Class A Notes may have an adverse effect on the value of the Class A Notes.

RISKS RELATING TO MEETINGS OF, AND CONFLICTS BETWEEN NOTEHOLDERS

Meetings of Noteholders, modification and waiver

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also contain provisions which permit or require the Trustee to consent to modifications to the Conditions, the Trust Documents, the Notes and the Transaction Documents without the consent or sanctions of the Noteholders. In particular, the Trust Deed provides that the Trustee may (and, in the case of paragraph (c) and (d) of Condition 17 (*Modification and Waiver*) shall) at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the

Issuer and any other relevant parties in making certain amendments and modifications as more fully set out in the Conditions.

Notwithstanding the Conditions, the Trustee shall be obliged, without any consent or sanction of the Noteholders or, subject to Condition 17 (*Modification and Waiver*), any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions, the Trust Documents, the Notes or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary in accordance with the Conditions.

There is no guarantee that any changes made to the Conditions, the Trust Documents, the Notes or any other Transaction Document pursuant to the obligations imposed on the Trustee as described above, would not be prejudicial to the Noteholders.

Swap Provider entrenched rights

The written consent of the Swap Provider is required prior to certain amendments, modifications or supplements being made to the Transaction Documents. There can be no assurance that the Swap Provider will provide consent to any such modification in a timely manner. The Swap Provider may act solely in its own interests and it does not have any duties to any Noteholders. There is no guarantee that any action (or inaction) of the Swap Provider would not be prejudicial to the Noteholders.

Conflict between Noteholders

The Trust Deed and the Deed of Charge contain provisions requiring the Trustee to have regard to the interests of each Noteholder within a Class equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the opinion of the Trustee, there is a conflict between the interests of holders of different classes of Notes, the Trustee will have regard only to the interests of the holders of the Most Senior Class. As a result, holders of Notes other than the Most Senior Class may not have their interest taken into account by the Trustee when the Trustee exercises discretion where there is a conflict of interest.

NBS will, on the Closing Date, purchase a portion of the Class A Notes and the whole of the Class B Notes. The Joint Lead Managers (or their affiliates) may also purchase Class A Notes for their own account.

Certain material interests

BNP Paribas and Merrill Lynch International are acting as Arrangers. BNP Paribas, Citigroup Global Markets Limited, Lloyds Bank Corporate Markets plc and Merrill Lynch International are acting as Joint Lead Managers. Lloyds Bank Corporate Markets plc is acting as Swap Provider. CSC Capital Markets UK Limited is acting as Back-Up Servicer Facilitator and Corporate Services Provider. Citicorp Trustee Company Limited is acting as Trustee. Citibank, N.A., London Branch is acting as Principal Paying Agent, Agent Bank, Registrar, Issuer Account Bank, Custodian and Cash Manager. Other parties to the transaction may also perform multiple roles, including NBS, who will act as Servicer and Retention Holder.

On the Closing Date, NBS will purchase a portion of the Class A Notes and the whole of the Class B Notes. See "*Subscription and Sale*" for further details.

Nothing in the Transaction Documents shall prevent any of the parties to the Transaction Documents from rendering services similar to those provided for in the Transaction Documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents.

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction:

- (a) having previously engaged or in the future engaging in transactions with other parties to the transaction;
- (b) having multiple roles in this transaction; and/or
- (c) carrying out other roles or transactions for third parties.

In addition to the interests described in this Prospectus, prospective investors should be aware that each of the Arrangers, the Joint Lead Managers and their respective related entities, associates, officers or employees (each a "**Relevant Entity**") (a) may from time to time be a Noteholder or have other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note; (b) may receive (and will not have to account to any person for) fees, brokerage and commission or other benefits and act as principal with respect to any dealing with respect to any Notes; (c) may purchase all or some of the Notes and resell them in individually negotiated transactions with varying terms; and (d) may be or have been involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any Transaction Party, both on its own account and for the account of other persons.

As such, each Relevant Entity may have various potential and actual conflicts of interest arising in the ordinary course of its business. For example, a Relevant Entity's dealings with respect to the Notes, the Issuer or a Transaction Party may affect the value of the Notes as the interests of this Relevant Entity may conflict with the interests of a Noteholder, and that Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, no Relevant Entity is restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents or the interests described above and may continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders. The Relevant Entities may in so doing act in its own commercial interests without notice to, and without regard to, the interests of the Noteholders or any other person. To the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of the Notes are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and no advisory or fiduciary duty is owed to any person. No Relevant Entity shall have any obligation to account to the Issuer, any other Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any other Transaction Party.

CERTAIN REGULATORY CONSIDERATIONS IN RESPECT OF THE PORTFOLIO

Regulated Mortgage Contracts

In the UK, regulation of residential mortgage business by the FCA (previously the Financial Services Authority (the "**FSA**") under FSMA came into force on 31 October 2004 (the "**Mortgage Regulation Date**"). Subject to certain exclusions, and pursuant to section 19 of FSMA, entering into, arranging or advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of these things) are regulated activities under FSMA requiring authorisation or exemption under FSMA when carried out in the UK.

Under the definitions currently in force, and subject to certain exceptions, a credit agreement entered into on or after 21 March 2016 is a "**Regulated Mortgage Contract**" under FSMA if, (a) the Borrower is an individual or trustee, (b) the obligation of the borrower to repay is secured by a mortgage on land, at least 40 per cent. of which is used, or is intended to be used, in the case of credit provided to an individual, as or in connection with a dwelling; or in the case of credit provided to a trustee who is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person (and a related person is broadly the person's spouse, civil partner, near relative or a person with whom the borrower has a relationship which is characteristic of a spouse), and (c) "land" for this purpose means: (i) for contracts entered into before the UK leaving the European Union (i.e., 11.00pm GMT on 31 December 2020), land in the UK or EEA; or (ii) for contracts entered into on or after the UK left the European Union, land in the UK. Credit agreements that were entered into before the Mortgage Regulation Date, but were or are subsequently changed such that a new contract is entered into on or after the Mortgage Regulation Date, are regulated under FSMA where they fall within the definition of "Regulated Mortgage Contract". Where, however, a credit agreement entered into before the Mortgage Regulation Date is varied by the provision of a further advance on or after the Mortgage Regulation Date (such that the original contract remains in existence, in its varied form, rather than rescinded and replaced by a new agreement) only the Further Advance will be regulated under FSMA (provided it meets the definition of "**Regulated Mortgage Contract**").

If a mortgage loan was made on or after 31 October 2004 but before 21 March 2016, it will be a Regulated Mortgage Contract under Article 61(3) and (5) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ("**RAO**"), provided that either: (i) the mortgage loan meets the definition of a Consumer Credit Back Book Mortgage (as defined below); or (ii) the loan was made to an individual or

trustee, the obligation to repay was secured by a mortgage on land, the property that is the subject of the mortgage was located in the UK, at least 40% of that property was used, or intended to be used, by the borrower, or a related person (or in the case of credit provided to trustees by an individual who is a beneficiary of the trust), as or in connection with a dwelling; and (iii) the mortgage was a first legal charge (i.e. a legal charge ranking in priority ahead of all other charges on the property).

So as to avoid dual regulation, it is intended that Regulated Mortgage Contracts will not be regulated by the CCA. Certain regulations made in 2005 and 2008 under FSMA are designed to clarify the position in this regard. This exemption only affects credit agreements made on or after the Mortgage Regulation Date. Credit agreements made before the Mortgage Regulation Date but subsequently changed such that a new contract is entered into on or after the Mortgage Regulation Date constitute a separate Regulated Mortgage Contract meaning that the exemption referred to above will also apply to these agreements such that they will not be regulated by the CCA. A court order under section 126 of the CCA is, however, necessary to enforce a land mortgage securing a Regulated Mortgage Contract to the extent that the credit agreement would, apart from the exemption referred to above, be regulated by the CCA or treated as such.

Loans entered into before 21 March 2016, secured by a first or second charge over property and regulated under the Consumer Credit Act 1974, as amended, (the "CCA") at the time they were entered into, and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 with certain limited exemptions, are now classed as Regulated Mortgage Contracts ("**Consumer Credit Back Book Mortgages**"). See "*Potential application of consumer credit regulation*" below for further information on the continued application of some provisions of the CCA to these loans.

The Seller holds authorisation and permission to enter into and to administer and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exceptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Issuer is not and does not propose to be an authorised person under FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered pursuant to a Servicing Agreement by an entity having the required FCA authorisation and permission. If such a Servicing Agreement terminates, however, the Issuer will use reasonable endeavours to arrange for mortgage administration to be carried out by a replacement Servicer having the required FCA authorisation and permission within one month of the termination of the Servicing Agreement.

The Issuer will not itself be an authorised person under FSMA. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity. Accordingly, it is the policy of the Issuer that no variation will be made to the Loans and no Further Advance or Product Switch will be made in relation to a Loan, where it would result in the Issuer arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, so as to require the Issuer be authorised under FSMA.

Under FSMA: (a) the carrying on of servicing activities in certain circumstances by a person exercising the rights of the lender without FCA permission to do so (as applicable) renders the credit agreement unenforceable, except with FCA approval; and (b) the FCA has the power to make rules to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules.

The regime under FSMA regulating financial promotions restricts the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be communicated or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as the Seller) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court. Failure by the Seller to comply with the financial promotion regime may render the Loans unenforceable and may adversely affect the Issuer's ability to make payments on the Notes. The FCA's Mortgages and Home Finance: Conduct of Business Sourcebook ("**MCOB**"), sets out the FCA's rules for

regulated mortgage activities. The original version of these rules came into force on 31 October 2004, under the handbook of the previous regulator, the FSA. Since 1 April 2013, these rules are located in the FCA's handbook. These rules cover, *inter alia*, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions.

If requirements as to authorisation and permission of lenders and brokers or as to issue and approval of financial promotions are not complied with, a Regulated Mortgage Contract will be unenforceable against the Borrower except with the approval of a court. In addition, a Borrower who is a private person may, under section 138D of FSMA, be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA rule (including the rules in MCOB), and may set off the amount of the claim against the amount owing by the Borrower under the loan or any other loan that the Borrower has taken. Any such set-off may adversely affect the Issuer's ability to make payments on the Notes. An unauthorised person who administers a Regulated Mortgage Contract entered into on or after the Mortgage Regulation Date may commit a criminal offence, but this will not render the contract unenforceable against the Borrower.

The FCA has the power to render unenforceable any contracts made in contravention of its product intervention rules. The Financial Services Act 2012 permits the FCA to make temporary product intervention rules ("**TPIRs**") prohibiting authorised persons from taking a number of actions, including entering into specified contracts with any person or with a specified person. TPIRs are intended to offer protection to consumers in the short term whilst either the FCA or the industry develop more permanent solutions and, in any event, are limited to a maximum duration of 12 months. In relation to agreements entered into in breach of a TPIR, the FCA's rule may provide: (i) for the relevant agreement or obligation to be unenforceable; (ii) for the recovery of any money or other property paid or transferred under the agreement; or (iii) for the payment of compensation for any loss sustained under the relevant agreement or obligation. In March 2013 the FSA published a policy statement "*The FCA's use of temporary product intervention rules*" following a consultation addressing when and how the FCA will consider making TPIRs. The FCA will consider making TPIRs where it identifies a risk of consumer detriment arising from a product or practice and will make these rules if it deems prompt action is necessary to reduce or prevent that detriment. In particular, the FCA will consider factors such as the potential scale of detriment in the market and potential scale of detriment to individual customers, whether particular groups of customers (especially vulnerable customer groups) are more likely to suffer detriment and whether the use of TPIRs will have any unintended consequences.

The Seller will give certain warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each relevant Loan and its Related Security is enforceable (subject to certain exceptions). If a Loan or its Related Security does not comply with these warranties, and if the default (if capable of remedy) cannot be or is not cured within 30 Business Days, then the Seller will, upon receipt of notice from the Issuer, be required to repurchase the Loans under the relevant mortgage account and their Related Security from the Issuer.

Changes to mortgage regulation and to the regulatory structure in the UK may adversely affect payment on the Notes

The FCA's mortgage market review in October 2012 gave rise to new rules which came into effect on 26 April 2014 through amendments to MCOB. Key changes include a requirement for lenders to undertake affordability assessments at origination (including verifying income in all cases) and undertake stress tests to ensure mortgages remain affordable when interest rates increase. For interest-only mortgages, lenders must check that borrowers have a credible plan to repay the capital at the end of the loan. There are also changes to disclosure requirements (the initial disclosure document is replaced with a requirement for firms to disclose key messages to customers), arrears management and the sales process. Mortgages entered into on or after 26 April 2014 must comply with these rules. These rules only apply to a Loan entered into before that date if (i) it is varied so as to increase the principal amount outstanding under the relevant Loan (e.g. by way of further advance) on or after 26 April 2014; and (ii) MCOB applies to the Loan generally as a regulated mortgage contract. To the extent that a loan is varied and in so doing a new loan is created under the new terms and such loan is a regulated mortgage contract, then these new rules apply.

The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: (a) published a report in June 2015 following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and (b) began a further thematic review on

responsible lending in April 2015, on which it reported in May 2016. This is in addition to regulatory changes made as a result of the implementation of directive 2014/17/EU of the European Parliament and the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property (the "**Mortgage Credit Directive**") from 21 March 2016 (see "*Mortgage Credit Directive*" below).

The FCA are aware that there are some consumers who cannot switch to a more affordable mortgage despite being up to date with their mortgage payments. This includes those who can't switch because of changes to lending practices during and after the 2008 financial crisis and subsequent regulation that tightened lending standards – often called 'mortgage prisoners'.

Under Policy Statement PS19/27 which came into effect on 28 October 2019, the FCA amended their responsible lending rules and guidance to help remove potential barriers to consumers switching to a more affordable mortgage and to reduce the time and costs of switching for all relevant consumers. The changes mean that mortgage lenders can choose to carry out a modified affordability assessment where a consumer has a current mortgage, is up-to-date with their mortgage payments (and has been for the last 12 months), does not want to borrow more, other than to finance any relevant product, arrangement or intermediary fee for that mortgage and is looking to switch to a new mortgage deal on their current property.

The modification of the responsible lending rules make it easier for a borrower who is a mortgage prisoner to switch to a new lender and this, together with the proposed notification obligations, could increase redemption rates where there are a significant number of mortgage prisoners held by a lender.

On 20 July 2021, the FCA published terms of reference setting out the next steps it will take in its mortgage prisoners review. The review is intended to evaluate the effects of the FCA's previous interventions that were designed to remove regulatory barriers to switching for mortgage prisoners, and provide further data and insights to the Treasury so that it may explore potential solutions to the mortgage prisoner issues. The FCA intends to report to the Treasury by the end of November 2021. The Treasury published a statement on 22 July 2021 noting its commitment to seeking additional options for borrowers with inactive firms who are unable to get a deal with new lenders, and therefore there may be changes to the rules and law in this area in future

The FCA launched a "Mortgage Rule Review" in 2025, with a view to simplifying FCA rules applicable to the mortgage market. Revised rules on remortgaging with a new lender, loan term reductions and the provision of mortgage advice took effect in July 2025. The FCA's discussion paper on the wider mortgage market and conduct regime was published in June 2025. It is possible that further changes may be made to the FCA's MCOB rules.

To the extent that the new rules do apply to any of the Loans, failure to comply with these rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Loan. Any such claim or set-off may adversely affect the Issuer's ability to make payment on the Notes.

Mortgage Credit Directive

The Mortgage Credit Directive (2014/17/EU) (the "**Mortgage Credit Directive**") came into force on 21 March 2014. Member States, including the UK prior to leaving the European Union, were required to implement the Mortgage Credit Directive into national law by 21 March 2016. The Mortgage Credit Directive applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a Member State or the UK on residential immovable property, or secured by a right relating to residential immovable property; and (b) credit agreements the purpose of which is to provide finance to purchase or retain rights in land or in an existing or proposed residential building. The Mortgage Credit Directive also extends to unsecured credit agreements the purpose of which is to renovate residential immovable property involving a maximum total amount of credit of €75,000. The Mortgage Credit Directive does not apply to certain equity release credit agreements to be repaid from the sale proceeds of an immovable property, or to certain credit granted by an employer to its employees.

The Mortgage Credit Directive requires (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the borrower on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the borrower; and a right of the borrower to make early

repayment of the credit agreement. The Mortgage Credit Directive also imposes prudential and supervisory requirements for credit intermediaries and non-bank lenders.

The Mortgage Credit Directive was implemented in the UK through the Mortgage Credit Directive Order 2015 (the "**MCD Order**") and the Mortgage Credit Directive Instrument 2015, which amended the FCA Handbook (including MCOB). Whilst certain provisions of the MCD Order came into force before 21 March 2016, the MCD Order took effect for most purposes on 21 March 2016. The UK's approach to implementation has been to minimise the impact of the Mortgage Credit Directive on the UK mortgage market by building on the existing UK regulatory regime (rather than copy out the directive into UK legislation).

The FCA published its Policy Statement PS15/9 on implementing the directive and on the new regime for second charge firms on 27 March 2015, together with final rules on the second charge mortgage regime (the majority of which came into effect on 21 March 2016). The changes required to implement the Mortgage Credit Directive are still relatively recent and it therefore remains to be seen whether these will have a material impact in relation to the Loans.

Current regulation of consumer credit

In the UK, the Office of Fair Trading (the "**OFT**") was historically responsible for the issue of licences under and the enforcement of the CCA, related consumer credit regulations and other consumer protection legislation. However, in April 2014, the regulation of the consumer credit market transferred from the OFT to the FCA. In connection with the transfer of responsibility for the regulation of consumer credit activities from the OFT to the FCA on 1 April 2014, the Regulated Activities Order has been amended to bring a number of consumer credit related activities (which were previously licensable under the CCA) within the scope of the FSMA framework. From this date: (a) carrying on certain credit-related regulated activities (such as entering into a regulated credit agreement as lender or exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement (e.g. servicing)) otherwise than in accordance with permission from the FCA will render the credit agreement unenforceable without FCA approval; and (b) the FCA has power to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of any TPIRs. Additionally, the FSMA provides for formalised cooperation to exist between the FCA and the Financial Ombudsman Service (the "**Ombudsman**"), particularly where issues identified potentially have wider implications, with a view to the FCA requiring affected firms to operate consumer redress schemes.

In accordance with article 60B of the Regulated Activities Order, a "regulated credit agreement" that is entered into on or after 1 April 2014, must be an agreement between an individual or relevant recipient of credit (A), and any other person (B) under which B provides A with credit of any amount. The agreement must not be an exempt agreement under articles 60C to 60H (but note where only part of a credit agreement falls within a provision of articles 60C to 60H, only that part is an exempt agreement under those articles).

In the case of an agreement entered into before 1 April 2014, a regulated credit agreement means a credit agreement that either: (i) was a regulated agreement within section 189(1) of the CCA when the agreement was entered into, or (ii) became such a regulated agreement after being varied or supplemented by another agreement before 1 April 2014, and would not be an exempt agreement under article 60C(2) of the RAO on 21 March 2016 if the agreement was entered into on that date.

A credit agreement under the CCA is where (a) the borrower is or includes an "individual" as defined in the CCA, (b) if the credit agreement was made before the financial limit was removed (as described below), the amount of "credit" as defined in the CCA did not exceed the financial limit of £25,000 for credit agreements made on or after 1 May 1998, or lower amounts for credit agreements made before that date and (c) the credit agreement is not an exempt agreement under the CCA.

The financial limit of £25,000 for CCA regulation has been removed for credit agreements made on or after 6 April 2008, except for certain changes to credit agreements.

Any regulated credit agreement must comply with requirements under the FSMA as to licensing of lenders and brokers; if not, depending upon the circumstances, the agreement may not be enforceable. It must also comply with documentation and origination procedures of credit agreements and (in so far as applicable) pre-contract disclosure under the CCA. If it does not comply with the relevant CCA documentation requirements, then it is unenforceable against the borrower (a) without an order of the court, if the

agreement was made on or after 6 April 2007, (b) totally, if the credit agreement was made before 6 April 2007 and if the form of such credit agreement was not signed by the borrower personally or omits or misstates a "prescribed term".

To the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable for any period when the lender fails to comply with certain information disclosure including requirements including arrears notices, default sum notices and annual statements. For certain breaches, e.g. non-complaint arrears notices and annual statements, an additional sanction applies which results in the consumer having no liability to pay interest or default sums charged during the period of non-compliance from the date of the breach until it is remedied. These provisions may result in adverse effects on the Issuer's ability to make payment in full on the Notes when due.

A court order under section 126 of the CCA is necessary to enforce a land mortgage, securing a credit agreement to the extent that the credit agreement is regulated by the CCA or treated as such. In dealing with such application, the court has the power, if it appears just to do so, to amend the loan, further advance or credit agreement or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared).

The Consumer Credit Act 2006 (the "**CCA 2006**") amended and updated the CCA, and introduced an "unfair relationship" test applicable to all new credit agreements made on or after 6 April 2007, and to all existing credit agreements from 6 April 2008, except Regulated Mortgage Contracts under the FSMA (save for Consumer Credit Back Book Mortgages). The test explicitly imposes liability to repay amounts received from a borrower on both the originator and any assignee such as the Issuer. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct before and after making the agreement. There is no statutory definition of the word "unfair" as the intention is for the test to be flexible and subject to judicial discretion. However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR (as defined below).

The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The FCA "Principles for Businesses" (including the Consumer Duty) may also be relevant and apply to the way contract terms are used in practice and not just the way they are drafted. Once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary. The Supreme Court judgment (*Plevin v Paragon Personal Finance Limited* [2014] UKSC 61) has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditors) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules.

An alternative dispute resolution scheme run by the Financial Ombudsman Service (the "**FOS**") applies in relation to FSMA related complaints.

Payment Protection Insurance (PPI) is a type of insurance designed to cover repayments on loans or mortgages if the borrower is unable to pay due to reasons such as illness or unemployment. The FCA proposed a compensation scheme to address widespread mis-selling of PPI, ensuring consumers could claim redress for unfair practices. The FCA set a deadline of 29 August 2019 by which consumers needed to make any PPI complaints or lose their right to have them assessed by firms or the FOS (although consumers continue to be able to bring claims in court). A consumer may be able to still submit a complaint if they were sold the policy after 29 August 2017, the complaint is about a claim being turned down by an insurer or the consumer can clearly show that there were exceptional circumstances that prevented them from making a complaint by the deadline. Although the scheme closed on in August 2019, individuals can still pursue claims through the courts, particularly if they were affected by undisclosed high commission fees. In the context of the above, payment protection insurance was not sold as a condition of any Loan, but was available as a standalone product.

Court decisions have been made on technical rules under the CCA against certain mortgage lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts.

Potential application of consumer credit regulation

The definition of a Regulated Mortgage Contract now includes Consumer Credit Back Book Mortgages. Certain provisions of the CCA are retained with regards to Consumer Credit Back Book Mortgages. In particular, if the contract would be enforceable against the borrower only on an order of the court as a result

of the application of any relevant provision of the CCA, the contract remains enforceable only on an order of the court. Similarly, if the contract would be void, or part of the contract would be void, as a result of the application of the relevant provision of the CCA the contract, or that part of the contract, is void. If a creditor would not be entitled to enforce a contract as a result of a failure to comply with any relevant provision of the CCA, then for the purposes only of correcting the failure to comply with that provision of the CCA, the contract is treated as if it were a regulated agreement and the creditor may enforce the contract only if the creditor has corrected the failure to comply. If a creditor would not be entitled to enforce a contract because a period of non-compliance applies to the contract under the CCA, then for the purposes only of bringing the period of non-compliance to an end, the contract is treated as if it were a regulated agreement and the creditor may enforce the contract only if the period of non-compliance has ended. If a creditor would not be entitled to enforce a contract because of a provision of the CCA, then the creditor may enforce the contract only if the creditor has given the notice required by the CCA to the borrower. If a creditor would not be entitled to enforce the security provided in relation to a contract as a result of a failure to comply with any relevant provision of the CCA, then for the purposes only of correcting the failure to comply with the relevant provision of the CCA, the contract is treated as if it were a regulated agreement and the creditor may enforce the security only if the creditor has corrected the failure to comply.

In June 2022, HM Treasury announced its intention to reform the CCA and on 19 May 2025 published its consultation which closed on 21 July 2025 on Phase 1 of the proposed reform of the CCA. It has noted that due to the scale and complexity, the work will be split into two phases. For more information on this, please see "*Regulation of the UK Residential Mortgage Industry - Regulation of residential secured lending (other than Regulated Mortgage Contracts)*". It is currently unclear what precise changes will be introduced to the regulation imposed by the CCA. It is not possible to predict how a change to this area of law and regulation may impact the potential application of the CAA outlined above, or what impact, if any, a change in those rules may have on the regulatory treatment, enforcement and income derived from the Loans, and the ability of the Issuer to satisfy its obligations.

The Seller has given or, as applicable, will give warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each Loan and its Related Security is enforceable (subject to exceptions). The Seller has given or, as applicable, will give warranties to the Issuer in the Mortgage Sale Agreement that, each Loan is a Regulated Mortgage Contract or is otherwise exempt from regulation under FSMA and the CCA, and no Loan is a Consumer Credit Back Book Mortgage. If a Loan or its Related Security does not comply with these warranties, and if the default (if capable of remedy) cannot be or is not cured within 30 Business Days, then the Seller will, upon receipt of notice from the Issuer, be required to repurchase all of the relevant Loans secured on the same Property (together, forming one "**Mortgage Account**") and their Related Security from the Issuer.

FCA response to the cost of living crisis

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment.

The Mortgages Tailored Support Guidance emphasises the MCOB requirement that a lender must not repossess a property unless all other reasonable attempts to resolve the position have failed. It further states that mortgage lenders must also establish and implement clear, effective and appropriate policies and procedures for the fair and appropriate treatment of borrowers whom the lender understands, or reasonably suspects, to be particularly vulnerable. The Mortgages Tailored Support Guidance also confirms the FCA's expectation that action to seek possession should be a last resort.

In addition, the FCA proposed that lenders considering or resuming possession proceedings, should support and enable borrowers to disclose circumstances that might make them particularly vulnerable to repossession action at this time - and to consider whether additional care may be required as a result.

On 10 March 2023, the FCA published finalised guidance: "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living" (FG23/2), which has since been replaced and updated with updated finalised guidance on 10 April 2024 (FG 24/2) which came into effect on 4 November

2024. The FCA stated that the purpose of the finalised guidance was to ensure that lenders are clear about the effect of the FCA rules and the range of options lenders have to support their customers including those who are facing higher interest rates alongside the rising cost of living. The FCA have said that the guidance clarifies the effect of their existing rules and principles and is not intended to set new expectations or requirements of lenders or to repeat the position set out in other documents, such as the expectations around repossessions or the treatment of vulnerable customers. It explains how lenders can support borrowers in, or at risk of, payment difficulty and confirms the flexibility lenders have under FCA rules and guidance to support borrowers in different ways.

On 25 May 2023, the FCA launched consultation CP23/13 setting out how they planned to incorporate aspects of the Mortgages Tailored Support Guidance into MCOB and withdraw the Mortgages Tailored Support Guidance. The FCA also proposed targeted additional changes to support consumers in financial difficulty.

On 10 April 2024, the FCA published PS24/2: Strengthening protections for borrowers in financial difficulty: Consumer credit and mortgages and the related Consumer Credit and Mortgages (Tailored Support) Instrument 2024 (FCA 2024/7). The FCA have stated that they want to build on the Mortgages Tailored Support Guidance and provide a stronger framework for lenders to protect customers facing payment difficulties, they are doing this by incorporating relevant aspects of the Mortgages Tailored Support Guidance into their Handbook, as well as introducing further targeted changes. For mortgages, the FCA have changed their guidance to allow lenders more scope to capitalise payment shortfalls where appropriate and to improve disclosure for all customers in payment shortfall. The new rules and guidance (FG 24/2) came into force on 4 November 2024 and the Mortgages Tailored Support Guidance was withdrawn at that time. In July 2025, the FCA released a policy statement (PS 25/11) which confirmed the retirement of FG24/2. In that same policy statement, the FCA introduced a rule and guidance into the Handbook to clarify that firms must deal fairly with customers whose mortgage terms have expired. Firms must not take repossession action unless all other reasonable attempts to resolve the position have failed. These requirements are supported by the Consumer Duty.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Loans. The ultimate impact of the consequences of the rising cost of living is uncertain and may pervade over time and may adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

Recent derivative reforms

As noted above, the Notes will have the benefit of certain derivative instruments, namely the Fixed Rate Swap Transaction. In this regard, it should be noted that the derivatives markets are subject to extensive regulation in a number of jurisdictions, including in the EU pursuant to Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over-the-counter ("OTC") derivatives, central counterparties and trade repositories, as amended ("EU EMIR"), in the UK pursuant to EU EMIR as it forms part of UK domestic law by virtue of the EUWA ("UK EMIR") and in the U.S. under the Dodd-Frank Act.

It is possible that such regulation will increase the costs of and restrict participation in the derivatives markets, thereby increasing the costs of engaging in hedging or other transactions and reducing liquidity and the use of the derivatives markets. If applicable in the context of the hedging agreements, such additional requirements, corresponding increased costs and/or related limitations on the ability of the Issuer to hedge certain risks may reduce amounts available to the Issuer to meet its obligations and may result in investors' receiving less interest or principal than expected.

EMIR – European Market Infrastructure Regulation

EU EMIR (as amended by Regulation (EU) No. 2019/834 (EMIR Refit 2.1), Regulation (EU) 2019/2099 (EMIR Refit 2.2)), Regulation (EU) 2024/2987 (EMIR 3) and UK EMIR prescribe a number of regulatory requirements for counterparties to derivatives contracts including: (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the "**Clearing Obligation**"); (ii) margin posting, daily valuation and other risk mitigation requirements for OTC derivatives contracts not subject to clearing (the "**Risk Mitigation Requirements**"); and (iii) certain reporting and recordkeeping requirements. In general, the application of such regulatory requirements in respect of the Fixed Rate Swap Transaction will depend on the classification of the counterparties to such derivative transactions.

Pursuant to UK EMIR and EU EMIR, counterparties can be classified as: (i) financial counterparties ("FCs") (which include a sub-category of small FCs ("SFCs")), and (ii) non-financial counterparties ("NFCs"). The category of "NFC" is further split into: (i) non-financial counterparties having gross notional derivative exposures above the "clearing threshold" ("NFC+s"); and (ii) non-financial counterparties having gross notional derivative exposures below the "clearing threshold" ("NFC-s"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the collateral exchange obligation and the daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities.

The Issuer is currently an NFC- for the purposes of UK EMIR and a third country equivalent to an NFC- for the purposes of EU EMIR, although a change in its position cannot be ruled out and no assurances can be given that any future changes made to UK EMIR and/or EU EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above. Should the status of the Issuer change to NFC+ or FC for the purposes of UK EMIR and/or a third country equivalent to a NFC+ or FC for the purposes of EU EMIR, this may result in the application of the relevant Clearing Obligation or the collateral exchange obligation and daily valuation obligation under the relevant Risk Mitigation Requirements, although it seems unlikely that the Fixed Rate Swap Transaction would be a relevant type of OTC derivative contract that would be subject to any Clearing Obligation under the relevant implementing measures made to date. It should also be noted that the collateral exchange obligations should not apply in respect of the Fixed Rate Swap Transaction entered into prior to the relevant application date, unless such a swap is materially amended on or after that date.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with the Clearing Obligations and the collateral exchange obligation were they to be applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Issuer to continue to be party to a hedging agreement (possibly resulting in a restructuring or termination of the Fixed Rate Swap Transaction) or to enter into hedging agreements and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

CERTAIN REGULATORY REQUIREMENTS

UK Securitisation Framework

UK risk retention requirements

The Seller (in its capacity as originator) will:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of Chapter 2 of the PRA Securitisation Rules;
- (b) at all relevant times comply with the requirements of Article 7(1)(e)(iii) of Chapter 2 of the PRA Securitisation Rules, by confirming in the UK Investor Reports the risk retention of the Seller as contemplated by Article 6(3)(d) of Chapter 2 of the PRA Securitisation Rules;
- (c) not change the manner in which it retains such material net economic interest, except to the extent permitted by the PRA Securitisation Rules; and
- (d) not sell, hedge, transfer, surrender or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the PRA Securitisation Rules.

The Seller intends to satisfy the UK Risk Retention Requirements by way of holding an interest in the first loss tranche in accordance with Article 6(3)(d) of Chapter 2 of the PRA Securitisation Rules, through its holding of the Class B Notes. Any change to the manner in which such interest is held will be notified to the Issuer, the Trustee and the Noteholders in accordance with the Conditions.

UK Transparency requirements

The Seller (as the originator for the purposes of the PRA Securitisation Rules) (the "**Designated Reporting Entity**") will be designated, pursuant to Article 7(2) of Chapter 2 of the PRA Securitisation Rules, as the entity responsible to fulfil the information requirements pursuant to Article 7 of Chapter 2 of the PRA Securitisation Rules. The Issuer has appointed the Seller to perform any obligations that the Issuer may have under Article 7 of Chapter 2 of the PRA Securitisation Rules. See further "*The Servicer and the Servicing Agreement – Services and Undertakings of the Servicer*" and "*Cashflows and Cash Management – Reporting*".

Investors to assess compliance

In accordance with the UK Securitisation Framework, in particular, SECN 4.2 (for the purposes of investors that are regulated by the FCA), Article 5 of Chapter 2 of the PRA Securitisation Rules (for the purposes of investors that are regulated by the PRA) and regulation 32B of the SR 2024 (for the purposes of investors that are occupational pension schemes), each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with its obligations under SECN, the PRA Securitisation Rules or the SR 2024 (as the case may be), and none of the Issuer, the Seller or any Arranger makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

Investors that are (i) FCA regulated are required to comply with the FCA Securitisation Rules, (ii) PRA regulated are required to comply with the PRA Securitisation Rules, and (iii) occupational pensions schemes are required to ensure that they comply with the UK's Securitisation Regulations 2024 (SI 2024/102) (the "**SR 2024**"). Further, the SR 2024 sets out certain due diligence obligations on occupational pension schemes which are set out as: before holding a securitisation position (Article 32B), ongoing requirements (Article 32C) and delegation of investment management decisions (Article 32C). For instance, Article 32B of the SR 2024 states that before holding a securitisation position, the trustees or managers of an occupational pension scheme must, amongst others, (i) verify that where the originator or original lender is established in the UK and is not a CRR firm or an FCA investment firm, the originator or original lender grants all the credits giving rise to the underlying exposures, unless they are trade receivables not originated in the form of a loan, on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits in accordance with the FCA Securitisation

Rules or the PRA Securitisation Rules relating to credit-granting requirements, as applicable and has effective systems in place to apply those criteria and processes to ensure that credit granting is based on a thorough assessment of the obligor's creditworthiness, (ii) verify that where the originator, sponsor or original lender is established in the UK, the originator, sponsor or original lender continually retains on an ongoing basis, a material net economic interest in the securitisation in accordance with the FCA Securitisation Rules or the PRA Securitisation Rules and that the risk retention is disclosed to the trustees or managers of the occupational pension scheme in accordance with any applicable FCA Securitisation Rules or PRA Securitisation Rules relating to transparency requirements, (iii) carry out a due-diligence assessment which enables them to assess the risks involved and consider, amongst others, (a) the risk characteristics of the individual securitisation position and of the underlying exposures and (b) structural features of the securitisation that could materially impact the performance of the securitisation position and compliance with the STS Criteria and with any applicable designated activity rules. Article 32C further sets out ongoing due diligence requirements for occupational pension schemes such as, amongst others, the trustees or managers of an occupational pension scheme establishing appropriate written procedures that are proportionate to the risk profile of the securitisation position and, where relevant, to their trading and non-trading book, in order to monitor on an ongoing basis, compliance with Article 32B and ensure internal reporting so that the trustees or managers of an occupational pension scheme are aware of the material risks arising from the securitisation position and so that those risks are adequately managed.

See further "*Risk Factors – Legal and Regulatory Risks relating to the Structure and the Notes – Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*" and "*Simple, Transparent and Standardised Securitisations*" below for further information on the implications of the UK Risk Retention Requirements and the UK Securitisation Framework.

Information regarding the policies and procedures of the Seller

As required by Article 9(1) of Chapter 2 of the PRA Securitisation Rules, the Seller has applied the same sound and well-defined credit-granting criteria for the Loans as it has applied to equivalent Loans that are not part of the Portfolio. In particular:

- (a) the Seller has applied the same clearly established processes for approving and, where relevant, amending, renewing and refinancing Loans as it has applied to equivalent mortgage loans that are not part of the Portfolio; and
- (b) the Seller has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the Borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the relevant Borrower's meeting his obligations under the relevant Mortgage Loan Agreement,

as to which please see "*The Loans and the Portfolio – Origination of the Loans – Lending Criteria*".

Simple, Transparent and Standardised Securitisations

The Seller, in its capacity as originator for the purposes of the UK Securitisation Framework, will procure that the UK STS Notification is submitted to the FCA, in accordance with the UK Securitisation Framework, in particular, SECN 2.5 and Regulation 10(1) of the SR 2024, confirming that the UK STS Criteria Requirements have been satisfied with respect to the issuance of the Notes. UK STS Securitisations appear on the FCA STS Register in accordance with Regulation 10(2) of the SR 2024. The UK STS Notification and accompanying explanation from the Seller of the Notes' compliance with the UK STS Criteria Requirements will be available for inspection on the FCA STS Register and the SR Website. The UK STS status of the Notes is not static and prospective investors should verify the current status of the Notes on the FCA STS Register.

Verification of data

The Seller has caused the compliance of all Loans in the Provisional Portfolio with certain eligibility criteria and a sample of the Loans included in the Provisional Portfolio together with the data disclosed in respect of those Loans to be verified by one or more appropriate and independent third parties. A sample of Loans selected from a pool of residential mortgage loans as at 31 March 2026, of which the Provisional Portfolio forms a subset, has been subject to an agreed upon procedures review conducted by a third party and completed on or about 1 June 2026. This independent third party has also performed agreed upon

procedures in order to check the compliance of all Loans with certain eligibility criteria and that the stratification tables disclosed in respect of the Loans are accurate. The third party undertaking the review has reported the factual findings to the parties to the engagement letter. The third party undertaking the review only accepts a duty of care to the parties to the engagement letters governing the performance of the agreed upon procedures and to the fullest extent permitted by law shall have no responsibility to anyone else in respect of the work it has performed or the reports it has produced save where terms are expressly agreed. The Seller has reviewed the reports of such independent third parties and is of the opinion that there were no significant adverse findings in such reports.

Liability cashflow model

The Seller will make available a liability cashflow model via the SR Website. The Seller will procure that such liability cashflow model:

- (a) precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer; and
- (b) is made available to (i) prior to pricing of the Notes, potential investors, and (ii) on an on-going basis, investors in the Notes and to potential investors in the Notes upon request.

Authorised Verification Agent

The Seller has used the services of Prime Collateralised Securities (PCS) UK Limited as an authorised third party verification agent under Regulation 25 of the SR 2024 (the "**Authorised Verification Agent**") to assess whether the Notes comply with the requirements of SECN 2.2.2 through 2.2.14, SECN 2.2.15 through SECN 2.2.24 and SECN 2.2.25 through SECN 2.2.29 for a UK STS Securitisation and prepare the UK STS Assessment. It is expected that the UK STS Assessment prepared by the Authorised Verification Agent will be available on the website of such agent (<https://www.pcsmarket.org/transactions>) together with a detailed explanation of its scope (<https://www.pcsmarket.org/disclaimer>). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

EU Securitisation Regulation

The EU Securitisation Regulation applies in general in respect of securitisations closed on or after 1 January 2019. It establishes certain common rules for all securitisation transaction parties that fall within its scope. The Issuer and the Seller have agreed to comply with certain provisions of the EU Securitisation Regulation as if it were applicable to them and in effect as of the Closing Date.

It is expected that the EU Securitisation Regulation regime will be amended as a result of the wider review, under Article 46 of the EU Securitisation Regulation, of the functioning of the EU Securitisation Regulation regime, on which the European Commission published a report on 10 October 2022 outlining a number of areas where legislative changes may be introduced. On 31 March 2025, the Joint Committee of the European Supervisory Authorities published a report which, among other things, included certain recommendations to the European Commission relating to the amendments of the EU Securitisation Regulation ("**JC of ESAs Article 44 Report**"). The recommendations in the JC of ESAs Article 44 Report relating to due diligence and transparency requirements indicate a possible move towards more proportionate and principles-based approach, although it should be noted that some of the recommendations could also introduce new risks and new compliance challenges and that the implementation of the recommendations will also depend on the development of new technical standards and guidance which can further delay the introduction of helpful changes. On 17 June 2025, the European Commission published their proposal regarding legislative amendments to the securitisation regulation framework, including changes to the EU Securitisation Regulation, the Capital Requirements Regulation and the Liquidity Coverage Ratio Delegated Act (the "**EU Reform Proposal**").

For more information, please refer to "*Risk Factors – Certain regulatory risks in respect of the Notes – the EU Securitisation Regulation and the UK Securitisation Framework*".

EU risk retention requirements

The Seller (in its capacity as originator as if the EU Securitisation Regulation applies to it and in effect as of the Closing Date) will:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of the EU Securitisation Regulation;
- (b) at all relevant times comply with the requirements of Article 7(1)(e)(iii) of the EU Securitisation Regulation by confirming in the EU Investor Reports the risk retention of the Seller as contemplated by Article 6(3)(d) of the EU Securitisation Regulation;
- (c) not change the manner in which it retains such material net economic interest, except to the extent permitted by the EU Securitisation Regulation; and
- (d) not sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the EU Securitisation Regulation.

The Seller intends to satisfy the EU Risk Retention Requirements by holding an interest in the first loss tranche in accordance with Article 6(3)(d) of the EU Securitisation Regulation through its holding of the Class B Notes.

EU Transparency requirements

The Seller (as the originator for the purposes of the EU Securitisation Regulation) has been designated, pursuant to Article 7(2) of the EU Securitisation Regulation, as the entity responsible to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first paragraph of Article 7(1) of the EU Securitisation Regulation (as if were applicable to the Seller and as in force on the Closing Date). The Seller is responsible for compliance with Article 7 of the EU Securitisation Regulation (as if were applicable to the Seller and as in force on the Closing Date). The Issuer has appointed the Seller to perform any obligations that the Issuer may have under Article 7 of the EU Securitisation Regulation (as if were applicable to the Issuer and the Seller and as in force on the Closing Date). See further "*The Servicer and the Servicing Agreement – Services and Undertakings of the Servicer*" and "*Cashflows and Cash Management – Reporting*".

Investors to assess compliance

In accordance with Article 5 of the EU Securitisation Regulation, each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with its obligations under the EU Securitisation Regulation, and none of the Issuer, the Seller, any Arranger or any Joint Lead Manager makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

See further "*Risk Factors – Legal and Regulatory Risks relating to the Structure and the Notes – Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the notes*" above for further information on the implications of the EU Risk Retention Requirements and the EU Securitisation Regulation.

Information regarding the policies and procedures of the Seller

As required by Article 9(1) of the EU Securitisation Regulation, the Seller has applied the same sound and well-defined credit-granting criteria for the Loans as it has applied to equivalent Loans that are not part of the Portfolio. In particular:

- (a) the Seller has applied the same clearly established processes for approving and, where relevant, amending, renewing and refinancing Loans as it has applied to equivalent mortgage loans that are not part of the Portfolio; and

- (b) the Seller has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the Borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Borrower meeting his obligations under the relevant Mortgage Loan Agreement,

as to which please see "*The Loans and the Portfolio – Origination of the Loans – Lending Criteria*".

US Risk Retention Requirements

Section 941 of the Dodd-Frank Act of 2010 amended the Exchange Act to generally require the "securitizer" of a "securitisation transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules provide that the securitizer of an asset-backed securitisation is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding certain foreign-related transactions. Such foreign-related transactions must meet certain requirements, including that: (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitisation transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the Issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. (as determined on unpaid principal balance) of the underlying collateral was acquired directly or indirectly from a majority-owned affiliate of the sponsor or issuer organised under the laws of or (in case of an unincorporated branch or office) located in the U.S. or any other state.

The Portfolio will be comprised of mortgage loans and their related security, all of which are originated by the Seller, a Building Society established in England. See the section entitled "*The Seller and the Servicer*".

Prior to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Joint Lead Managers and the Arrangers that it is a Risk Retention U.S. Person. Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of "U.S. person" in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to paragraphs (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "**Risk Retention U.S. Person**" as used in this Prospectus) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;
- (c) any estate of which any executor or Servicer is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);

- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
 - (i) organised or incorporated under the laws of any foreign jurisdiction; and
 - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

Each holder of a Note or a beneficial interest therein acquired on the Issue Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Issuer, the Seller, the Joint Lead Managers and the Arrangers that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding certain foreign-related transactions will be available. The Seller, the Issuer, and the Joint Lead Managers and the Arrangers have agreed that none of the Joint Lead Managers, the Arrangers or any person who controls any of them or any director, officer, employee, agent or affiliate of the Joint Lead Managers or the Arrangers shall have any responsibility for determining the proper characterisation of potential investors, and none of the Joint Lead Managers or the Arrangers or any person who controls them or any director, officer, employee, agent or affiliate of the Joint Lead Managers accepts any liability or responsibility whatsoever for any such determination. The Seller may not be successful in limiting investment by Risk Retention U.S. Persons to no more than 10 per cent. This may result from misidentification of Risk Retention U.S. Person investors as non-Risk Retention U.S. Person investors, or may result from market movements or other matters that affect the calculation of the 10 per cent. value on the Closing Date.

Furthermore, there can be no assurance that the requirement to request the Seller to give its prior written consent to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons. In addition, no assurance can be given as to whether a failure by the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by the Seller to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Joint Lead Managers or the Arrangers or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

The Volcker Rule

On 10 December 2013, U.S. regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act, commonly referred to as the "**Volcker Rule**". The regulations generally prohibit "banking entities" (broadly defined to include U.S. banks, bank holding companies and foreign banking organisations, together with their respective subsidiaries and other affiliates) from (a) engaging in proprietary trading, (b) acquiring or retaining an ownership interest in, or sponsoring, a "covered fund" and (c) entering into certain relationships with such funds, subject to certain exceptions and exclusions.

The Issuer has been structured not to be a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (such statutory provisions, together with such implementing regulations, being the Volcker Rule). In reaching this conclusion, although other

statutory or regulatory exemptions under the Investment Company Act and under the Volcker Rule may be available, the Issuer has relied on an exemption from registration as an "investment company" under the Investment Company Act under Section (3)(c)(5)(C) thereof. Under the Volcker Rule, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) thereof.

Any prospective investor in any Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding the effect of the Volcker Rule.

CRA Regulations

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

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (ii) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the Rating Agencies rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

The Issuer is not obliged on or following a revision by a Rating Agency of its rating criteria or rating methodology to take steps to amend any of the Transaction Documents in order to maintain the then current rating by that Rating Agency of a Class of Notes. However, the Trustee may, and, in certain circumstances and subject to certain conditions being met, will, be obliged to, agree to such amendments (if so proposed) without the consent of Noteholders (see "*Risks relating to Changes to the Structure and the Documents – Conflict between Noteholders and other Secured Creditors*", "*Risks relating to Changes to the Structure and the Documents*" and Condition 16.6 (*Relationship between classes*)) or with the consent of Noteholders provided by way of an Extraordinary Resolution (see Condition 16 (*Meetings of Noteholders*)).

Legal considerations may restrict certain investments

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

TRANSACTION OVERVIEW

The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Prospectus.

TRANSACTION PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed / Further Information
Issuer	Hadrian Funding 2026-1 PLC	10th Floor 5 Churchill Place, London, E14 5HU, United Kingdom	N/A. (Please refer to the section entitled " <i>Issuer</i> " for further information on this).
Custodian	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Custody Agreement.
Holdings	Hadrian Funding 2026-1 Holdings Limited	10th Floor 5 Churchill Place, London, E14 5HU, United Kingdom	N/A. (Please refer to the section entitled " <i>Holdings</i> " for further information on this).
Share Trustee	CSC Corporate Services (UK) Limited	10th Floor 5 Churchill Place, London, E14 5HU, United Kingdom	Share Trust Deed
Seller	Newcastle Building Society	1 Cobalt Park Way, Wallsend, NE28 9EJ, United Kingdom	N/A. (Please refer to the section entitled " <i>Newcastle Building Society</i> " for further information on this).
Servicer	Newcastle Building Society	1 Cobalt Park Way, Wallsend, NE28 9EJ, United Kingdom	Servicing Agreement. (Please refer to the section entitled " <i>The Servicer and the Servicing Agreement</i> " for further information on this).
Back-Up Facilitator	Servicer CSC Capital Markets UK Limited	10th Floor 5 Churchill Place, London, E14 5HU, United Kingdom	Servicing Agreement. (Please refer to the section entitled " <i>The Servicer and The Servicing Agreement</i> " for further information on this).

Party	Name	Address	Document under which appointed / Further Information
Cash Manager:	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Cash Management Agreement. (Please refer to the section entitled " <i>Cashflows and Cash Management</i> " for further information on this).
Retention Holder	Newcastle Building Society	1 Cobalt Park Way, Wallsend, NE28 9EJ, United Kingdom	Risk Retention Letter. (Please refer to the section entitled " <i>Certain Regulatory Risks in respect of the Portfolio</i> " and " <i>Subscription and Sale</i> " for further information on this).
Subordinated Loan Provider	Newcastle Building Society	1 Cobalt Park Way, Wallsend, NE28 9EJ, United Kingdom	Subordinated Loan Agreement.
Swap Provider	Lloyds Bank Corporate Markets plc	25 Gresham Street, London, EC2V 7HN, United Kingdom	Swap Agreement. (Please refer to the section entitled " <i>Swap Provider</i> " for further information on this).
Trustee	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Trust Deed (See the Conditions for further information on this).
Principal Paying Agent	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Agency Agreement.
Agent Bank	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Agency Agreement.
Registrar	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Agency Agreement.
Issuer Account Bank	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Account Bank Agreement.

Party	Name	Address	Document under which appointed / Further Information
Collection Account Bank	Barclays Bank PLC	49-51 Northumberland Street, Newcastle Upon Tyne, NE1 7AF	Please refer to the section entitled " <i>The Servicer and the Servicing Agreement—Administration Procedures—Collections</i> " for further information on this.
Corporate Services Provider	CSC Capital Markets UK Limited	10th Floor 5 Churchill Place, London, E14 5HU, United Kingdom	Corporate Services Agreement.
Arrangers	BNP Paribas	16 boulevard des Italiens, 75009 Paris, France	Subscription Agreement.
	Merrill Lynch International	Bank of America Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom	
Joint Lead Managers	BNP Paribas	16 boulevard des Italiens, 75009 Paris, France	Subscription Agreement.
	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	
	Lloyds Bank Corporate Markets plc	25 Gresham Street, London, EC2V 7HN, United Kingdom	
	Merrill Lynch International	Bank of America Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom	

SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

Please refer to section entitled "**Terms and Condition of the Notes**" for further detail in respect of the terms of the Notes.

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class B Notes
<i>Currency:</i>	GBP	GBP
<i>Initial Principal Amount:</i>	£350,000,000	£33,060,000
<i>Credit Enhancement:</i>	Subordination of the Class B Notes, General Reserve Fund and excess Available Revenue Receipts.	Excess Available Revenue Receipts.
<i>Liquidity Support:</i>	General Reserve Fund applied to make up Revenue Deficiency (subject to conditions as set out in " <i>Overview of Credit Structure and Cashflows – Revenue Deficiency</i> "). Principal Receipts applied to make up any Remaining Revenue Deficiency (subject to conditions as set out in " <i>Overview of Credit Structure and Cashflows – Remaining Revenue Deficiency</i> ").	N/A.
<i>Issue Price:</i>	100%	100%.
<i>Interest Rate:</i>	Compounded Daily SONIA + Relevant Margin.	Compounded Daily SONIA + Relevant Margin.
<i>Relevant Margin:</i>	Up to and excluding the Step-Up Date, 0.55% p. a..	0.00% p.a..
<i>Step-up margin:</i>	From and including the Step-Up Date, 1.10% p. a..	0.00% p.a..
<i>Interest Accrual Method:</i>	Actual/365.	
<i>Interest Determination Date:</i>	The fifth Business Day prior to each Interest Payment Date.	

<i>Payment Dates:</i>	Interest and Principal will be payable quarterly in arrear on the Interest Payment Dates falling in March, June, September and December in each year.	
<i>Business Day Convention:</i>	Modified Following.	
<i>First Interest Payment Date:</i>	The Interest Payment Date falling in December 2026.	
<i>First Interest Period:</i>	The period from the Closing Date to but excluding the Interest Payment Date falling in December 2026.	
<i>Step-Up Date:</i>	The Interest Payment Date falling in September 2031.	
<i>Redemption profile:</i>	Pass through redemption on each Interest Payment Date. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>).	
<i>Other Early Redemption in Full Events:</i>	Upon the occurrence of a Tax Event or Illegality Event and following the exercise of the Clean-Up Call Option. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>).	
<i>Final Maturity Date:</i>	The Interest Payment Date falling in September 2073.	
<i>Form of the Notes:</i>	Registered.	
<i>Application for Listing:</i>	London Stock Exchange.	
<i>ISIN:</i>	XS3441717777	XS3441717850
<i>Common Code:</i>	344171777.	344171785.
<i>Minimum Denomination:</i>	£100,000 and £1,000 thereafter.	£100,000 and £1,000 thereafter.
<i>Expected Ratings:</i> (<i>Fitch/Moody's</i>)	AAA (sf) / Aaa (sf)	N/A.

OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

Please refer to the section entitled "Terms and Conditions of the Notes" for further detail in respect of the terms of the Notes.

Ranking of Payments of Interest: Payments of interest on the Notes will be made in the following order of priority:

- 1) *first*, to the holders of the Class A Notes; and
- 2) *second*, to the holders of the Class B Notes.

The Notes within each individual Class will rank *pro rata* and *pari passu* and rateably among themselves at all times in respect of payments of interest to be made to such individual Class.

Prior to an Enforcement Notice, payments of interest on the Class B Notes will rank behind payments of senior fees and expenses, payments of interest on the Class A Notes, payments to reduce the debit balance (if any) on the Class A Principal Deficiency Sub-Ledger, payments to replenish the General Reserve Fund, Issuer Profit Amount payments and payments to reduce the debit balance (if any) on the Class B Principal Deficiency Sub-Ledger.

Following an Enforcement Notice, payments of interest on the Class B Notes will rank behind payments of interest and principal on the Class A Notes.

Any reference to a "Class" of Noteholders shall be a reference to the Class A Notes and the Class B Notes, as the case may be, or to the respective holders thereof.

Ranking of Payments of Principal: Payments of principal on the Notes will be made in the Sequential Order, being first the Class A Notes and then the Class B Notes.

The Notes within each individual Class will rank *pro rata* and *pari passu* and rateably among themselves at all times in respect of payments of principal to be made to such individual Class.

Any reference to a "Class" of Noteholders shall be a reference to the Class A Notes and the Class B Notes, as the case may be, or to the respective holders thereof.

For a more detailed summary of the Priority of Payments, please refer to the section entitled "*Cashflows and Cash Management*".

Most Senior Class: Means:

- (a) the Class A Notes whilst they remain outstanding; and
- (b) thereafter the Class B Notes.

Security: The Issuer's obligations in respect of the Notes are secured and will share the same Security together with the other secured obligations of the Issuer in accordance with the Deed of Charge as described in further detail in Condition 6 (*Security*). The security granted by the Issuer includes:

- (a) a first fixed charge over the benefit of the Issuer in the Loans and the Related Security (other than the Scottish Loans and their Related Security);

- (b) a first fixed charge over the benefit of each Authorised Investment;
- (c) first fixed charges over the Transaction Account, any Swap Collateral Accounts and other bank accounts of the Issuer established on or after the Closing Date in accordance with the Account Bank Agreement or the other Transaction Documents;
- (d) an assignment by way of security of the benefit of the Issuer in the Insurance Policies and under each relevant Transaction Document (but excluding all of the Issuer's right, title, interest and benefit in the Deed of Charge, any Scottish Declaration of Trust, any Scottish Transfer, any Scottish Supplemental Charge and any Scottish Sub-Security (and, in respect of the Swap Agreement, after giving effect to all applicable netting and set-off provisions therein));
- (e) an assignation in security in respect of the Issuer's rights, title and interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under each Scottish Declaration of Trust); and
- (f) a first floating charge over the whole of its undertaking and all its property, assets and rights whatsoever and wheresoever present and future including its uncalled capital (including assets expected to be subject to a fixed charge or assignment or assignation by way of security or absolute assignment as described above and including all undertaking, property, assets, rights and revenues of the Issuer that are located in Scotland or otherwise governed by Scots law).

Certain other Secured Obligations (including certain obligations owed to the Swap Provider under the Swap Agreement) rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

Interest payable on the Notes:

The interest rates applicable to each Class of Notes are described in the sections "*Full Capital Structure of the Notes*" and "*Terms and Conditions of the Notes*".

Interest Deferral:

Interest on the Class A Notes cannot be deferred.

Interest due and payable on the Class B Notes may be deferred in accordance with Condition 8.10 (*Interest Accrual*).

Gross-up:

None of the Issuer, the Trustee or any other person will be obliged to pay any additional amounts to the Noteholders if there is any withholding or deduction for or on account of taxes from a payment made under the Notes.

Redemption:

The Notes are subject to the following optional or mandatory redemption events:

- (a) mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 9.1 (*Final Redemption*);

- (b) on each Interest Payment Date prior to the delivery of an Enforcement Notice, mandatory redemption of the Notes in part subject to availability of Available Principal Receipts to be applied in accordance with the Pre-Enforcement Principal Priority of Payments, as fully set out in Condition 9.2 (*Mandatory Redemption in part*);
- (c) optional redemption exercisable by the Issuer in whole on any Interest Payment Date where the Principal Amount Outstanding of all the Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date, as fully set out in Condition 9.3(a) (*Optional Redemption in whole*);
- (d) optional redemption exercisable by the Issuer in whole on any Interest Payment Date on or after the Step-Up Date, as fully set out in Condition 9.3(b) (*Optional Redemption in whole*);
- (e) optional redemption exercisable by the Issuer in whole for tax reasons, as fully set out in Condition 9.4 (*Optional Redemption in whole for taxation reasons*); and
- (f) optional redemption exercisable by the Issuer in whole upon the occurrence of an Illegality Event, as fully set out in Condition 9.5 (*Optional Redemption in whole upon the occurrence of an Illegality Event*).

Subject to the Issuer having sufficient funds available for this purpose, each Note redeemed will be redeemed in an amount equal to the Principal Amount Outstanding of the relevant Note together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption.

Events of Default:

As fully set out in Condition 13 (*Events of Default*), which broadly includes:

- (a) non-payment by the Issuer of principal in respect of the Most Senior Class of Notes within 7 days following the due date or non-payment by the Issuer of interest within 14 days following the due date (**provided that**, for the avoidance of doubt, a deferral of interest in respect of the Class B Notes in accordance with Condition 8.10 (*Interest Accrual*) shall not constitute a default in the payment of such interest);
- (b) breach of contractual obligations by the Issuer under the Transaction Documents which is materially prejudicial to the interests of the holders of the Most Senior Class, and not remedied within 30 calendar days; or
- (c) Issuer Insolvency Event.

Limited Recourse:

All of the Notes are ultimately limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts due in respect of the Notes in full, following the distribution of all available funds, any amounts outstanding under the Notes will cease to be due and payable as described in more detail in Condition 10 (*Limited Recourse*).

Non petition:

Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security and no Transaction Party shall be entitled to proceed directly against the Issuer to enforce the Security as described in more detail in Condition 15 (*No action by Noteholders or any other Secured Creditor*).

Governing Law:

English law, other than any terms of the Transaction Documents which are particular to Scots law, which will be construed in accordance with Scots law, and any Scottish Declaration of Trust, Scottish Transfer, Scottish Supplemental Charge and Scottish Sub-Security which shall be governed by and construed in accordance with Scots law.

OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

Please refer to the section entitled "*Terms and Conditions of the Notes*" for further details in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Secured Creditors.

Prior to an Event of Default:

Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding of the relevant Class are entitled to request that the Trustee convene a Noteholders' meeting, and all Noteholders of each Class are entitled to participate in a Noteholders' meeting convened by the Issuer or the Trustee to consider any matter affecting their interests.

However, so long as no Event of Default has occurred and is continuing the Noteholders are not entitled to instruct or direct the Issuer to take any actions, either directly or through the Trustee, without the consent of the Issuer and, if applicable, certain other Transaction Parties, unless the Issuer has an obligation to take such actions under the relevant Transaction Documents.

Following an Event of Default:

Following the occurrence of an Event of Default which is continuing, the holders of the Most Senior Class of Notes may, if they hold in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if they pass an Extraordinary Resolution, direct the Trustee in writing to give an Enforcement Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding.

Noteholders Meeting provisions:

	Initial meeting	Adjourned meeting
Notice period:	No less than 21 clear days and no more than 365 clear days for the initial meeting.	No less than 14 clear days and no more than 42 clear days for the adjourned meeting.
Location:	A venue in the UK as notified to Noteholders or by way of conference call, including by use of video conference platform, as applicable.	A venue in the UK as notified to Noteholders or by way of conference call, including by use of video conference platform, as applicable.
Quorum:	One or more persons holding or representing in aggregate a majority of the Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting (other than a Basic Terms Modification (which must be proposed	One or more persons being or representing Noteholders of that Class or those Classes, whatever the Principal Amount Outstanding of the Notes then outstanding held or represented by

separately to each Class of Noteholders), which requires one or more persons holding or representing in the aggregate not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding).

them (other than Basic Terms Modification (which must be proposed separately to each Class of Noteholders), which requires one or more persons holding or representing not less than in aggregate 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding).

Required majority for passing an Extraordinary Resolution

Not less than 75 per cent. of votes cast.

Written Resolution:

100 per cent. of the Principal Amount Outstanding of the relevant Class of Notes outstanding. A Written Resolution has the same effect as an Extraordinary Resolution.

Additional Right of Modification:

Subject to certain conditions set out in Condition 17.2 (*Additional Right of Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents that the Issuer considers necessary:

- (a) in order to comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (b) in the case of any modification to a Transaction Document proposed by any of the Servicer, the Collection Account Bank or the Issuer, in order for the Servicer, Collection Account Bank and/or the Issuer Account Bank (i) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (ii) to avoid taking action which it or the Issuer would otherwise be required to take to enable the relevant Transaction Party to continue performing such role (including, without limitation, posting collateral or advancing funds);
- (c) for the purpose of complying with any changes in the requirements of the UK Securitisation Framework, including as a result of the adoption of regulatory

technical standards in relation to the UK Securitisation Framework or any other risk retention legislation or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- (d) for the purpose of complying with any changes in the requirements of the EU Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation or any other risk retention legislation or regulations or official guidance in relation thereto;
- (e) for the purposes of enabling the Notes to be (or to remain) listed on the Main Market, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (g) for the purpose of complying with any changes in the requirements of the UK CRA Regulation and the EU CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA Regulation and the EU CRA Regulation or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (h) for the purposes of enabling any Class of Notes to comply with the criteria for Level 2B securitisations set out in Article 13 of the LCR Regulation or Article 13 of the UK LCR Regulation (as amended, replaced and/or supplemented from time to time and to the extent permitted by applicable law) **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (i) for the purposes of complying (or continuing to comply) with the applicable requirements of the UK CRR, the EU CRR, UK Solvency II or EU Solvency II after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRR, the EU CRR, UK Solvency II or EU Solvency II or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant Transaction Party and signed by two directors, as the case

may be, pursuant to paragraph (a) to (h) above being a "**Modification Certificate**";

- (j) for the purpose of changing the SONIA Reference Rate or the base rate that then applies in respect of the applicable Notes issued on or after the date of a Reference Rate Modification and/or any consequential or related amendments to any related Swap Agreement to an Alternative Reference Rate and make such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such Reference Rate Modification;
- (k) for the purpose of changing the reference rate that then applies in respect of the Swap Agreement to an alternative reference rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) and the Swap Provider solely as a consequence of a Reference Rate Modification and solely for the purpose of aligning the reference rate of the Swap Agreement to the reference rate of the Notes following such Reference Rate Modification; or
- (l) for the purpose of changing the reference rate made in accordance with the 2021 ISDA Interest Rate Derivatives Definitions,

provided that (amongst other things): (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee; (ii) the relevant certificate to be provided by the Issuer, the Swap Provider or the relevant Transaction Party to the Trustee, as the case may be, pursuant to paragraphs (a) to (i) above in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect; (iii) the consent of each Transaction Party which is party to the relevant Transaction Document has been obtained; (iv) the Trustee is satisfied that it has or has been or will be reimbursed for all costs, fees and expenses (including properly incurred legal fees) incurred by it in connection with such modification; (v) the Issuer either (A) obtains from each of the Rating Agencies written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent) or (B) certifies that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); and (vi) the Issuer certifies in writing to the Trustee that (A) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 23 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Notes and (B) the Trustee has not been contacted in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) by Noteholders representing at least 10 per cent. of the

aggregate Principal Amount Outstanding of the Class A Notes outstanding within such notification period notifying the Trustee that such Noteholders do not consent to the modification, and **provided further that** the Issuer shall procure that no amendment, modification, supplement, waiver or consent in respect of the Transaction Documents or the Conditions (a "**Proposed Amendment**") shall be made without the Swap Provider having given its prior written consent, where such Proposed Amendment would have the effect, in each case in the opinion of the Swap Provider, acting in good faith: (i) that immediately thereafter, the Swap Provider would be required to pay more or to receive less from a third-party transferee if it were to transfer each of the Transactions to such third-party transferee than would otherwise be the case if such Proposed Amendment was not made; (ii) of altering the amount, timing or priority of any payments or deliveries due from the Issuer to the Swap Provider or from the Swap Provider to the Issuer (as applicable); (iii) of altering the status of the Swap Provider as a Secured Creditor; (iv) of altering the Secured Obligations owed to the Swap Provider or altering the terms of the Security such that it affects the Swap Provider; (v) of resulting in an amendment or waiver that affects the Swap Provider of the undertakings of the Issuer as set out in the Transaction Documents related to a refinancing of the Notes or the sale, transfer or disposal of the assets of the Issuer in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date; or (vi) of altering any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter.

Basic Terms Modification:

Broadly speaking, the following modifications are Basic Terms Modifications:

- Changes to dates, amounts or methods of calculating payments in respect of the Notes (other than a Reference Rate Modification, Swap Rate Modification or 2021 ISDA Reference Rate Modification);
- exchange, conversion or substitution of the Notes (other than in accordance with Condition 22 (*Substitution*) or clause 22 (*Substitution*) of the Trust Deed);
- changes to the currency of the Notes;
- changes to the priority of payment of interest or principal in respect of the Notes;
- change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; and
- amendments to the definition of Basic Terms Modification.

Relationship between Classes of Noteholders:

In the event of a conflict of interests of holders of different Classes the Trustee shall have regard only to the interests of the holders of the Most Senior Class and will not have regard to any lower ranking Class of Notes.

Subject to the provision in respect of a Basic Terms Modification, an Extraordinary Resolution of holders of the Most Senior Class

shall be binding on all other Classes and would override any resolutions to the contrary of the Classes ranking behind such Class.

A Basic Terms Modification requires an Extraordinary Resolution of each Class of Notes then outstanding.

Seller as Noteholder:

For the purpose of, *inter alia*, the right to attend and vote at any meeting of Noteholders, any Extraordinary Resolution in writing and any direction made by Noteholders, those Notes (if any) which are held by or on behalf of or for the benefit of the Seller, any holding company of the Seller or any subsidiary of such holding company in each case as beneficial owner, shall (unless and until ceasing to be held) be deemed not to remain outstanding, **provided that** if all the Notes of a particular Class are held by the Seller, any holding company of the Seller and/or any other subsidiary of such holding company (the "**Relevant Class of Notes**") (and no other Classes of Notes exist that rank junior or *pari passu* to the Relevant Class of Notes, in respect of which the Notes are held by persons other than the Seller, any holding company of the Seller or any other subsidiary of such holding company), Notes of the Relevant Class of Notes will be deemed to remain outstanding.

Relationship between Noteholders and other Secured Creditors:

The Trust Deed provides that the Trustee shall, except where expressly provided otherwise and prior to the redemption in full of the Notes, have regard solely to the interests of the Noteholders and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received and payable to it and to act in accordance with the applicable Priority of Payments.

Provision of Information to the Noteholders

The Seller (as the originator for the purposes of the PRA Securitisation Rules and the EU Securitisation Regulation (as if applicable to the Seller and as in force on the Closing Date)) has been appointed as the designated reporting entity under Chapter 2, Article 7(2) of the PRA Securitisation Rules and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date). The Seller will either fulfil its obligations under Chapter 2, Article 7(2) of the PRA Securitisation Rules and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date) itself or shall procure that such requirements are complied with on its behalf. As to the information made available to prospective investors by the Seller, reference is made to the information set out herein and forming part of this Prospectus and to the UK Investor Report and the EU Investor Report to investors that are prepared pursuant to the Cash Management Agreement.

Notwithstanding such designation of the Seller as the reporting entity, the Seller and the Issuer are not relieved of their regulatory obligations under SECN 6.3.1R(1) and Article 7(2) of Chapter 2 of the PRA Securitisation Rules.

Prior to the pricing date of the Notes, the Seller has made available (through the SR Website) documents as required by and in accordance with: (x) Chapter 2, Articles 7(1)(b) and 7(1)(d) of the PRA Securitisation Rules, and (y) Article 7(1)(b) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date) and, upon request, the information required by point (a) of the first subparagraph of Article 7(1) of Chapter 2 of the PRA Securitisation Rules.

For so long as any Notes remain outstanding, the Seller will in its capacity as the designated reporting entity pursuant to Chapter 2, Article 7(2) of the PRA Securitisation Rules and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date):

- (a) procure that the Cash Manager will prepare and deliver each EU Investor Report and each UK Investor Report;
- (b) procure that the Servicer will prepare and deliver each EU Loan Level Report and each UK Loan Level Report;
- (c) on or around each Interest Payment Date and in any event no later than (i) 16 calendar days following the first Interest Payment Date following the Closing Date, and (ii) five calendar days in respect of any other Interest Payment Date, procure that the Cash Manager will publish on the Cash Manager Website each UK Investor Report and each EU Investor Report;
- (d) procure that the Servicer will publish on the SR Website each UK Loan Level Report and each EU Loan Level Report (simultaneously with the UK Investor Report and the EU Investor Report) within one month of each Interest Payment Date;
- (e) procure that the Servicer will publish on the SR Website to the extent that any inside information or significant event has occurred without delay details of any information required to be reported in accordance with Chapter 2, Articles 7(1)(f) or 7(1)(g) (as applicable) of the PRA Securitisation Rules and Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date), **provided that** the Seller shall not be required to monitor the price at which Notes are trading at any time;
- (f) procure that the Servicer will make available, within 15 calendar days of the issuance of the Notes via the SR Website final form copies of the Transaction Documents and this Prospectus;
- (g) procure that the Servicer will make available the UK STS Notification within 15 Business Days of the Closing Date to the FCA via the Connect Portal to the FCA STS register website at <https://data.fca.org.uk/#/sts/stssecuritisations> (or its successor website);
- (h) make available, to the extent required by SECN 2.2.25, static and dynamic historical performance data in relation to owner-occupied mortgage loans originated by NBS (through the SR Website) and ensure that such information covers a period of at least 5 years;
- (i) procure that the Servicer will make available the information set out in paragraphs (a) to (h) above to the PRA and investors in the Notes as required pursuant to Article 7(1) of Chapter 2 of the PRA Securitisation Rules;

- (j) confirm to the Cash Manager, for the purposes of publication in each UK Investor Report and each EU Investor Report, the status of the risk retention of the Seller as contemplated by Article 6(3)(d) of Chapter 2 of the PRA Securitisation Rules and Article 6(3)(d) of the EU Securitisation Regulation as at the date of each UK Investor Report and each EU Investor Report; and
- (k) promptly provide the Cash Manager with the information as is required to enable the Cash Manager to prepare each UK Investor Report and each EU Investor Report.

To the extent that, after the Closing Date, there is any further divergence between the UK Securitisation Framework and the EU Securitisation Regulation, in respect of its obligations under the Transaction Documents in connection with the EU Securitisation Regulation the Seller in its roles as "originator" will only continue to comply with the EU Securitisation Regulation (as if such provisions were applicable to it) as in force on the Closing Date and will only be required to comply with any amended EU Securitisation Regulation on a reasonable endeavours basis. The requirements under the Transaction Documents to comply with the EU Securitisation Regulation (including the disclosure obligations referred to above) will apply only until such time that the Seller in its role as "originator" is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that compliance with the UK Securitisation Framework will also mean compliance with the EU Securitisation Regulation due to the application of an equivalency regime or similar analogous concept.

For the avoidance of doubt, the SR Website, the Cash Manager Website and the contents thereof do not form part of this Prospectus. The first UK Investor Report and the first EU Investor Report shall be published within one month of the First Interest Payment Date and thereafter shall be published on a quarterly basis.

Bank of England Information:

The Servicer shall prepare and/or file on behalf of the Issuer the Bank of England Information. The Cash Manager will publish the Bank of England Information as prepared by the Servicer and delivered to the Cash Manager for publishing on the Cash Manager Website (or such other website as may be available for such purpose and notified by the Cash Manager to the Issuer, the Trustee, the Seller, the Servicer, EuroABS and Rating Agencies from time to time) on each Interest Payment Date.

OVERVIEW OF CREDIT STRUCTURE AND CASHFLOWS

Please refer to the sections entitled "Key Structural Features" and "Cashflows and Cash Management" for further detail in respect of the credit structure and cash flow of the transaction.

Available Funds of the Issuer:

The Cash Manager will apply Available Revenue Receipts and Available Principal Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, as set out below.

"Available Revenue Receipts" means, for each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) Revenue Receipts received during the immediately preceding Collection Period, less amounts applied during such Collection Period in making payment of certain moneys which properly belong to third parties such as (but not limited to):
 - (i) payments of certain insurance premiums;
 - (ii) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account (including any amounts required to satisfy any of the obligations and/or liabilities incurred by the Collection Account Bank under the direct debit scheme), any other amounts due to the Collection Account Bank in respect of amounts which are credited to the Collection Account or the Sub-Collection Account but which are subsequently recalled or reversed as an unpaid sum and the Collection Account Bank's fees and charges for the operation of the Collection Account and the Sub-Collection Account;
 - (iii) any amount received from a Borrower at any time (including upon redemption of the relevant Loan) for the express purpose of payment being made to a third party or the Seller for the provision of a service to that Borrower or the Seller,

(items within paragraphs (i), (ii) and (iii) being collectively referred to herein as **"Permitted Withdrawals"**), which amounts may be deducted by the Cash Manager on a daily basis from the Transaction Account to make payment to the Collection Account;

- (b) interest payable to the Issuer on the Transaction Account and income from any Authorised Investments in each case received during the immediately preceding Collection Period;
- (c) amounts received by the Issuer under the Swap Agreement (other than (i) any amounts credited, or to be credited, to any Swap Collateral Account (including, without limitation, any Replacement Swap Premium) which are not Swap Collateral Account Surplus; and (ii) any amount received by the Issuer in respect of Swap Tax Credits on or in respect of such Interest Payment Date);
- (d) any Swap Collateral Account Surplus;
- (e) any amounts standing to the credit of the General Reserve Fund but only:
 - (i) to the extent necessary after applying all Available Revenue Receipts (other than amounts falling within paragraphs (g) and (h) below) to pay any Revenue Deficiency on any Interest Payment Date; and
 - (ii) (without double counting) if the General Reserve Fund Excess Conditions are met, amounts credited to the General Reserve Fund in excess of the General Reserve Required Amount);
- (f) other net income of the Issuer received during the immediately preceding Collection Period, excluding any interest, distributions or redemption or sale proceeds received in respect of amounts standing to the credit of any Swap Collateral Account and without double counting the amounts described in paragraphs (a) to (e) above;
- (g) the amounts (if any) to be applied pursuant to paragraph (a) of the Pre-Enforcement Principal Priority of Payments representing any deficiency in the Available Revenue Receipts under paragraphs (a) to (f) above that is required to pay any Remaining Revenue Deficiency on any Interest Payment Date (up to an amount equal to the Available Principal Receipts on such Interest Payment Date); and
- (h) amounts deemed to be Available Revenue Receipts in accordance with item (d) of the Pre-Enforcement Principal Priority of Payments.

If the Cash Manager determines that there would be a deficit on an Interest Payment Date to pay items (a) to (f) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, then the Cash Manager (on behalf of the Issuer) shall provide for such deficit by applying (1) amounts standing to the credit of the General Reserve

Fund and (2) to the extent there is a Remaining Revenue Deficiency and only in respect of items (a) to (e) inclusive of the Pre-Enforcement Revenue Priority of Payments, Principal Receipts (if any) subject to certain conditions. See "*Overview of Credit Structure and Cashflows - Revenue Deficiency*" below.

"Available Principal Receipts" means, for each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) all Principal Receipts received by the Issuer during the immediately preceding Collection Period; and
- (b) the amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (f) and (i) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date,

less:

- (c) the amount of Principal Receipts to the extent comprised in paragraph (a) above used or to be used by the Issuer to purchase Further Advances made during the immediately preceding Collection Period.

Summary of Priority of Payments:

Below is a summary of the Priority of Payments. Please refer to the section entitled "*Cashflows and Cash Management*" for further information. In addition, please refer to "*Limited Recourse*" in the section entitled "*Overview of the Terms and Conditions of the Notes*".

Pre-Enforcement Revenue Priority of Payments	Pre-Enforcement Principal Priority of Payments	Post-Enforcement Priority of Payments
(a) fees, costs, charges, liabilities and expenses of the Trustee and any Appointee;	(a) to pay any Remaining Revenue Deficiency in full;	(a) fees, costs, charges, liabilities and expenses of the Trustee and any Appointee (and any Receiver appointed by the Trustee);
(b) fees, costs, charges, liabilities and expenses of the Agent Bank, the Custodian, the Registrar and the Paying Agents, the Servicer, the Cash Manager, the Issuer Account Bank, any Replacement Account Bank, Back-Up Servicer Facilitator and the Corporate Services Provider;	(b) to redeem the Class A Notes until the Principal Amount Outstanding of the Class A Notes has been reduced to zero;	(b) fees, costs, charges, liabilities and expenses of the Agent Bank, the Custodian, the Registrar and the Paying Agents, the Servicer, the Cash Manager, the Issuer Account Bank, any Replacement Account Bank, the Back-Up Servicer Facilitator and the Corporate Services Provider;
(c) any other permitted third party fees, costs, charges and expenses not otherwise explicitly stated in this Priority of Payments;	(c) to redeem the Class B Notes until the Principal Amount Outstanding of the Class B Notes has been reduced to zero; and	(c) any amounts due and payable to the Swap Provider under the Swap Agreement (to the extent not satisfied out of amounts standing to the credit of any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments) but excluding any Swap Subordinated Amounts;
(d) any amounts due and payable to the Swap Provider under the Swap Agreement (to the extent not satisfied out of amounts standing to the credit of any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments) but excluding any Swap Subordinated Amounts;	(d) remaining amounts to be applied as Available Revenue Receipts.	(d) in or towards payment of interest due and payable on the Class A Notes;
(e) in or towards payment of interest due and payable on the Class A Notes;		(e) <i>pari passu</i> and <i>pro rata</i> to redeem the Class A Notes until the Principal Amount Outstanding of the Class A Notes has been reduced to zero;
(f) an amount sufficient to eliminate any debit on the Class A Principal Deficiency Sub-Ledger (such amounts to be applied as repayment of Available Principal Receipts);		(f) in or towards payment of interest due and payable on the Class B Notes;
(g) (so long as any Class A Notes will remain outstanding following such Interest Payment Date) to credit the General Reserve Fund up to the General Reserve Required Amount;		(g) to redeem the Class B Notes until the Principal Amount Outstanding of the Class B Notes has been reduced to zero;
		(h) any Swap Subordinated Amounts (to the extent not satisfied out of amounts standing to the

Pre-Enforcement Revenue Priority of Payments	Pre-Enforcement Principal Priority of Payments	Post-Enforcement Priority of Payments
(h) Issuer Profit Amount; (i) an amount sufficient to eliminate any debit on the Class B Principal Deficiency Sub-Ledger (such amounts to be applied as repayment of Available Principal Receipts); (j) in or towards payment of interest due and payable on the Class B Notes; (k) Swap Subordinated Amounts (to the extent not satisfied out of amounts standing to the credit of any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments); (l) interest due and payable in respect of the Subordinated Loan to the Subordinated Loan Provider; (m) principal amounts due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement; and (n) Deferred Consideration payable to the Seller.		credit of any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments); (i) Issuer Profit Amount; (j) any amounts required by the Issuer to pay or discharge any liability of the Issuer to corporation tax (which cannot be made out of amounts retained previously by the Issuer or profit paid to the Issuer under item (i) above); (k) interest and principal due and payable in respect of the Subordinated Loan to the Subordinated Loan Provider; and (l) Deferred Consideration payable to the Seller.

Key Structural Features:

The general credit and liquidity structure of the transaction includes, broadly, the following elements:

- it is expected that during the life of the Notes, the Available Revenue Receipts will, assuming that all the Loans are fully performing, be sufficient to pay the interest amounts payable in respect of all classes of Notes and all other items ranking in priority in the relevant Priorities of Payments;
- availability of the General Reserve Fund, initially funded by the proceeds of the Subordinated Loan on the Closing Date up to the General Reserve Required Amount (being an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes as at the Closing Date) and replenished on each Interest Payment Date up to the General Reserve Required Amount from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. The General Reserve Fund (prior to repayment in full of the Class A Notes) will be credited to the Transaction Account. Moneys standing to the credit of the General Reserve Fund will be applied to make up any Revenue Deficiency (including, after meeting prior ranking obligations as set out in the Pre-Enforcement Revenue Priority of Payments to reduce any debit balance on the Class A Principal Deficiency Sub-Ledger). Any amount credited to the General Reserve Fund in excess of the General Reserve Required Amount shall, **provided that** the General Reserve Fund Excess Conditions are met, form part of Available Revenue Receipts;
- availability of Principal Receipts to make up any Remaining Revenue Deficiency. See the section entitled "*Overview of Credit Structure and Cashflows – Income Deficiency*" below for limitations on the use of Principal Receipts for this purpose;
- payments of interest on the Class B Notes will be subordinated to payments of interest on the Class A Notes;
- the deferral of interest payments on the Class B Notes where the Issuer has insufficient proceeds;
- prior to the delivery of an Enforcement Notice, payments of principal on the Class A Notes and the Class B Notes in Sequential Order;
- following the delivery of an Enforcement Notice, payments of interest and principal on the Class B Notes will be subordinated to payments of interest and principal on the Class A Notes;
- availability of the rate of interest provided by the Issuer Account Bank in respect of collections transferred to the Transaction Account. The Transaction Account is subject to the Account Bank Agreement, under which, the Issuer Account Bank has agreed to pay interest at a rate which may be agreed from time to time in respect of sums in the Transaction Account. However, the Issuer (or the Cash Manager acting on the instructions of the Issuer and on its

behalf) may invest sums standing to the credit of the Transaction Account in Authorised Investments pursuant to the terms of the Account Bank Agreement; and

- availability of the Fixed Rate Swap Transaction provided by the Swap Provider to hedge against the possible variance between the fixed interest rates payable in respect of the Relevant Fixed Rate Loans and the floating rate interest payable in respect of the Class A Notes.

See the section entitled "*Key Structural Features*" for further information on this.

Revenue Deficiency:

On each Calculation Date, the Cash Manager will determine whether Available Revenue Receipts (excluding any amounts referred to in items (e), (g) and (h) of the definition of "*Available Revenue Receipts*") are sufficient to pay or provide for payment of items (a) to (f) inclusive of the Pre-Enforcement Revenue Priority of Payments. To the extent that Available Revenue Receipts are insufficient to pay items (a) to (f) inclusive of the Pre-Enforcement Revenue Priority of Payments in full (the amount of any deficit being a "**Revenue Deficiency**"), the Cash Manager will, on the relevant Interest Payment Date and on behalf of the Issuer, provide for such Revenue Deficiency by applying amounts standing to the credit of the General Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments.

Remaining Revenue Deficiency:

If, following the application of amounts withdrawn from the General Reserve Fund, the Cash Manager determines that the application of Available Revenue Receipts (excluding any amounts referred to in items (g) and (h) of the definition of "*Available Revenue Receipts*") would be insufficient to pay or provide for the Revenue Deficiency in respect of only items (a) to (e) inclusive of the Pre-Enforcement Revenue Priority of Payments (the amount of any such deficit being a "**Remaining Revenue Deficiency**"), the Cash Manager will on the relevant Interest Payment Date and on behalf of the Issuer, pay or provide for such Remaining Revenue Deficiency by applying Principal Receipts (if any) in respect of only items (a) to (e) inclusive of the Pre-Enforcement Revenue Priority of Payments in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments.

The Cash Manager will record the application of any Principal Receipts to meet any Remaining Revenue Deficiency on the Principal Deficiency Ledger as set out below in the section entitled "*Overview of Credit Structure and Cashflows – Principal Deficiency Ledger*".

Principal Deficiency Ledger:

The Cash Manager will record as a debit on the Principal Deficiency Ledger (i) any Losses on the Portfolio and (ii) the application of any Principal Receipts to meet any Remaining Revenue Deficiency. The Principal Deficiency Ledger will be divided into two sub-ledgers which will correspond to each of the Class A Notes and the Class B Notes. The sub-ledger for each Class of Notes will show separate entries for each Class of Notes.

Debits will be recorded as follows:

- first*, on the Class B Principal Deficiency Sub-Ledger until the debit balance of that sub-ledger is equal to the then

aggregate Principal Amount Outstanding of the Class B Notes; and

- (b) *second*, on the Class A Principal Deficiency Sub-Ledger until the debit balance of that sub-ledger is equal to the then aggregate Principal Amount Outstanding of the Class A Notes.

On each Interest Payment Date, the Cash Manager (on behalf of the Issuer) shall apply Available Revenue Receipts to extinguish or reduce any balance on the Principal Deficiency Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments. Any Available Revenue Receipts applied in order to extinguish or reduce any balance on the Principal Deficiency Ledger on an Interest Payment Date, will be credited to the Principal Deficiency Ledger and applied as follows:

- (a) *first*, in or towards satisfaction of the amounts necessary to reduce to zero the debit balance in respect of the Class A Notes on the Class A Principal Deficiency Sub-Ledger; and
- (b) *second*, in or towards satisfaction of the amounts necessary to reduce to zero the debit balance in respect of the Class B Notes on the Class B Principal Deficiency Sub-Ledger.

Any Available Revenue Receipts applied in this manner will form part of Available Principal Receipts and will be applied in accordance with the Pre-Enforcement Principal Priority of Payments. Please refer to the section entitled "*Key Structural Features*" for further information on this.

Transaction Account and Cash Management:

The Servicer will ensure that all payments due under the Loans are made by Borrowers into the Sub-Collection Account which it will then transfer to the Collection Account on the same day of receipt. Amounts credited to the Collection Account from (and including) the Closing Date that relate to the Loans will be identified on a daily basis (or, if such day is not a Business Day, the next following Business Day) (each such aggregate daily amount, a "**Daily Loan Amount**") and the Seller will transfer an amount equal to the Daily Loan Amount from the Collection Account into the Transaction Account on the next Business Day after that Daily Loan Amount is identified as received in the relevant Collection Account. On each Interest Payment Date amounts standing to the credit of the Transaction Account will be applied by the Cash Manager in accordance with the relevant Priority of Payments **provided that** amounts credited to the General Reserve Ledger will be retained in the Transaction Account unless the Cash Manager determines that there is a Revenue Deficiency on such Interest Payment Date or that the amount standing to the credit of the General Reserve Ledger exceeds the General Reserve Required Amount and the General Reserve Fund Excess Conditions are met.

Collections received by the Servicer in respect of the Loans from (but excluding) the Provisional Cut-Off Date to (and including) the Closing Date (the "**Interim Collections**") will be identified by the Servicer and the Seller shall transfer or procure the transfer of all such amounts to the Transaction Account. Such amounts shall be credited to the Transaction Account on the next Business Day after the Closing Date and on any other subsequent date if the Servicer

subsequently identifies any further Interim Collections which were not transferred to the Transaction Account one Business Day after the Closing Date.

Swap Collateral Accounts:

On or before the Closing Date, (i) a Swap Collateral Account in respect of cash will be established with the Issuer Account Bank in the name of the Issuer, and (ii) a Swap Collateral Account in respect of securities will be established with the Custodian in the name of the Issuer, into which the following amounts shall be transferred and credited to (as applicable):

- (a) any early termination amount received by the Issuer under the Swap Agreement required to fund the entry into a replacement Fixed Rate Swap Transaction;
- (b) any Swap Collateral in the form of cash;
- (c) any Swap Collateral in the form of securities;
- (d) any Replacement Swap Premium paid to the Issuer to the extent required to pay termination payments to the existing Swap Provider; and
- (e) any Swap Tax Credit,

and one or more additional Swap Collateral Accounts may be established with the Issuer Account Bank or any Custodian in the name of the Issuer into which such amounts may be transferred and credited to from time to time.

Amounts or securities or proceeds of such securities standing to the credit of the Swap Collateral Accounts (including interest, distributions and redemption or sale proceeds thereon or thereof) shall be applied solely in accordance with the Swap Collateral Account Priority of Payments.

OVERVIEW OF THE PORTFOLIO AND ADMINISTRATION

Please refer to the section entitled "*The Portfolio – The Loans*", "*The Portfolio – Statistical Information on the Provisional Portfolio*" and "*Servicer – Administration Procedures*" for further detail in respect of the characteristics of the Portfolio and the sale and the servicing arrangements in respect of the Portfolio.

Sale of Portfolio:

The Portfolio will consist of the Loans and the Related Security which will be sold by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement. For the avoidance of doubt, the Portfolio will not include any Loans where a further advance has been made by the Seller to the Borrower from (but excluding) the Provisional Cut-Off Date to (and including) the Closing Date.

The term "**Loans**" in this Prospectus shall include any residential mortgage loans in the Portfolio sold or to be sold (as applicable) to the Issuer by the Seller on or about the Closing Date pursuant to the Mortgage Sale Agreement including, where the context so requires, any further advance made by the Seller to a Borrower prior to the Closing Date and sold to the Issuer pursuant to the Mortgage Sale Agreement, each Further Advance sold or to be sold (as applicable) to the Issuer by the Seller after the Closing Date and any loan which is the subject of a Product Switch but excluding (for the avoidance of doubt) each loan and its Related Security redeemed or repurchased by the Seller pursuant to the Mortgage Sale Agreement or otherwise sold by the Issuer in accordance with the terms of the Transaction Documents and no longer beneficially owned by it.

The Loans and Related Security are governed by English law, other than Scottish Loans and Related Security which are governed by Scots law.

Please refer to the section entitled "*The Portfolio - Sale of the Portfolio under the Mortgage Sale Agreement*" for further information.

Features of Loans:

Certain features of the Loans included in the Provisional Portfolio as at 31 July 2026 (the "**Provisional Cut-Off Date**") are set out in the table below and investors should refer to, and carefully consider, further details in respect of the Loans set out in "*The Portfolio – Statistical Information on the Provisional Portfolio*". The Loans are owner-occupied residential loans secured by first priority charges over freehold and leasehold properties in England and Wales or by first ranking standard securities over heritable or long leasehold properties located in Scotland. The composition and characteristics of the Portfolio may differ from that of the Provisional Portfolio on account of the exclusion of any Loans which have been repaid in full in the period from (but excluding) the Provisional Cut-Off Date to (and excluding) the Closing Date or any Loans that would not comply with the representations and warranties given by the Seller in the Mortgage Sale Agreement on the Closing Date.

<i>Type of Borrower</i>	Prime
<i>Type of Loans</i>	Repayment Loans, Part and Part Loans and Interest Only Loans
<i>Staff Loans</i>	No
<i>Help to Buy Loans</i>	No

<i>Right to Buy Loans</i>	No
<i>Buy to Let Loans</i>	No
<i>Equity Release Loans</i>	No
<i>Self-Certified</i>	No
<i>Current Balance (£)</i>	554,778,998
<i>Number of Loans (including Further Advances)</i>	3,695
<i>Number of Borrowers</i>	3,439
<i>Average Current Balance by property (£)</i>	161,320
<i>Weighted Average Interest Rate (%)</i>	4.62
<i>Weighted Average Original LTV (%)</i>	76.30
<i>Weighted Average Current LTV (%)</i>	67.62
<i>Weighted Average Term To Maturity (Years)</i>	23.28
<i>Weighted Average Seasoning (months)</i>	48.14
<i>Borrowers subject to Bankruptcy or Individual Voluntary Agreement (%)</i>	None
<i>Borrowers subject to County Court Judgements (%)</i>	None

Consideration:

The consideration from the Issuer to the Seller in respect of the sale of the Portfolio together with its Related Security shall be: (i) Consideration of £383,060,002.39, being an amount equal to the Current Balance of the Loans of the Seller determined as at the close of business on the Provisional Cut-Off Date, which is due and payable on the Closing Date and (ii) Deferred Consideration, in each case, payable in accordance with the Mortgage Sale Agreement to the Seller.

Any Deferred Consideration will be paid to the Seller in accordance with the Pre-Enforcement Revenue Priority of Payments or, if applicable, the Post-Enforcement Priority of Payments.

Any reference to the "**Current Balance**" of any Loan means, on any date, the aggregate balance of the amounts charged to the Borrower's account in respect of a Loan at such date (but avoiding double counting) including:

- (a) the original principal amount advanced to the relevant Borrower and any further amount (including any Further Advance) advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage;

- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or capitalised in accordance with the Seller's normal charging practices and added to the amounts secured or intended to be secured by the related Mortgage; and
- (c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or in accordance with the Seller's normal charging practices but which is secured or intended to be secured by the related Mortgage, as at the end of the Business Day immediately preceding that given date,

less any repayment or payment (including, if permitted, by way of set-off, withholding or counterclaim) of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released and any Further Advances committed to be made but not made by the end of the Business Day immediately preceding that given date.

See the section entitled "*The Portfolio*" for further information.

The consideration from the Issuer to the Seller in respect of the sale of Further Advances to the Issuer shall be the Further Advance Purchase Price, which will, if sufficient, be met through Principal Receipts on the Interest Payment Date following the end of the Collection Period during which the relevant Advance Date has occurred. The Cash Manager will apply such amounts prior to the application of Available Principal Receipts in accordance with the applicable Pre-Enforcement Principal Priority of Payments.

Seller Loan Warranties:

The Seller will make certain representations and warranties to the Issuer and the Trustee on (i) the Closing Date in respect of the Portfolio; (ii) the last calendar day in each month during which an Advance Date has occurred in respect of the relevant Further Advances; and (iii) each relevant Switch Date in respect of the Product Switches.

In addition to warranties in respect of the legal status of the Loans and their Related Security, there are also warranties in relation to the assets which include (but are not limited to) the following:

- first ranking mortgage or standard security;
- no right of set-off;
- current loan amount not exceeding £1,000,000;
- minimum payment made (not less than one monthly payment);
- no Loan is more than one monthly payment in arrears; and
- final Loan repayment date not falling beyond three years prior to the Final Maturity Date.

See the section entitled "*The Portfolio - Sale of the Portfolio under the Mortgage Sale Agreement*" for further information.

Repurchase of Loans:

The Seller shall repurchase any Loan and its Related Security in the following circumstances, subject to the Issuer being capable of meeting its obligations to pay any amount due under the Swap Agreement in respect of any Additional Termination Event in connection with such disposal:

- upon material breach of any representations or warranties given by the Seller on the Closing Date (and, with respect to certain of the representations and warranties, also on the date that the appointment of NBS as Servicer is terminated) which have not been rectified by the Seller within 30 business days of being notified by the Issuer of such breach; and
- upon material breach of any of the representations or warranties given by the Seller (i) in respect of a Further Advance, on or prior to the last calendar day of the calendar month following the calendar month in which an Advance Date has occurred, or (ii) in respect of a Product Switch, on the relevant Switch Date (in each case which is not capable of remedy or is not remedied by close of business on a Calculation Date following the end of the Collection Period during which an Advance Date or a Switch Date has occurred); and
- in certain circumstances upon making a Product Switch or Further Advance if the Seller has notified the Issuer that certain conditions have not been met. See "*The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement*".

The Seller will also repurchase the Loans and their Related Security in the following circumstances:

- if the Issuer exercises its Clean-Up Call Option where the Principal Amount Outstanding of the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date; or
- if the Issuer exercises a general call option on any Interest Payment Date from and including the Step-Up Date (see the section headed "*Overview of the Terms and Conditions of the Notes – Redemption*" and Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*)).

See the section entitled "*The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement*" for further information.

Consideration for Repurchase: An amount at least equal to the Current Balance of the Loans to be repurchased as of the date of completion of the repurchase.

Such consideration may be satisfied by a cash payment by the Seller to the Issuer.

See the section entitled "*The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement*" for further information.

Perfection Trigger Events: See "*Perfection Trigger Events*" in the section entitled "*Transaction Overview – Triggers Table – Non-Rating Triggers Table*".

Prior to the completion of the transfer of legal title to the Loans, the Issuer will be subject to certain risks as set out in the risk factor entitled "*Seller to initially retain legal title to the Loans and risks relating to set-off*" in the section entitled "*Risk Factors*".

Administration of the Portfolio:

The Servicer agrees to service on behalf of the Issuer the Loans and their Related Security. The appointment of the Servicer may be terminated by the Issuer and/or the Trustee (subject to the terms of the Servicing Agreement) upon the occurrence of a Servicer Termination Event (see "*Servicer Termination Event*" in the "*Non-Rating Triggers Table*"), **provided that** a substitute Servicer has been appointed and such appointment is effective not later than the date of such termination.

The Servicer may also resign by giving not less than 12 months' notice to the Issuer and the Trustee and subject to, *inter alia*, a replacement Servicer having been appointed.

Upon the occurrence of a Servicer Termination Event and the termination of the appointment of the Servicer, in accordance with the provisions of the Servicing Agreement, or following the resignation of the Servicer, the Back-Up Servicer Facilitator shall use best endeavours to identify, on behalf of the Issuer or (after the service of an Enforcement Notice) the Trustee, a suitable successor servicer in accordance with the terms of the Servicing Agreement, which process shall be commenced by the date which is no later than 10 Business Days after the Back-Up Servicer Facilitator became aware of the termination or resignation of the Servicer. The Back-Up Servicer Facilitator shall use its reasonable endeavours to procure that a replacement Servicer meeting the requirements set out in the Servicing Agreement is appointed within 30 calendar days of the occurrence of the applicable Servicer Termination Event or resignation. The Servicer shall continue to provide the duties under the Servicing Agreement until a replacement Servicer is appointed in accordance with the terms of the Servicing Agreement.

Delegation:

The Servicer may, in certain circumstances, delegate or sub-contract some or all of its responsibilities and obligations under the Servicing Agreement. However, the Servicer remains liable at all times for servicing the Loans and for the acts or omissions of any delegate or sub-contractor. See the section entitled "*The Servicer and the Servicing Agreement – The Servicing Agreement*" for further information.

TRIGGERS TABLES

Rating Triggers Table

Transaction Party	Required Ratings on the Closing Date	Possible effects of Ratings Trigger being breached include the following
Swap Provider (and any credit support provider from time to time in respect of the Swap Provider):	Moody's senior unsecured debt rating requirements or counterparty risk assessment requirements The required ratings and triggers described below, as well as possible effects of the relevant trigger being breached, will apply for so long as the Class A Notes are rated by Moody's. Counterparty risk assessment from Moody's of at least "Baa1(cr)" or its senior unsecured debt obligations are rated at least "Baa1" by Moody's. Counterparty risk assessment from Moody's of at least "Baa3(cr)" or its senior unsecured debt obligations are rated at least "Baa3" by Moody's.	Subject to the terms of the Swap Agreement, the Swap Provider will be obliged within 30 Local Business Days (as defined in the Swap Agreement) to post collateral, if required. A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement. Subject to the terms of the Swap Agreement, the Swap Provider will be obliged, if required, to post (within 30 Local Business Days (as defined in the Swap Agreement)) or continue to post collateral (pending the taking of any actions set out in sub-paragraphs (i) and (ii)) and also, at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, to (i) procure a transfer to an eligible replacement of its obligations under the Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement. A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.
	Fitch derivative counterparty rating (or, in the absence of such a rating with respect to such entity, the long-term issuer default rating) and short-term issuer default rating requirements The required ratings and triggers described below, as well as possible effects of the relevant trigger being breached, will apply for so long as the Class A Notes are rated by Fitch.	

Transaction Party	Required Ratings on the Closing Date	Possible effects of Ratings Trigger being breached include the following
	Derivative counterparty rating or, if not assigned by Fitch, long-term issuer default rating assigned by Fitch at least "A" or short term issuer default rating at least "F1" from Fitch.	Subject to the terms of the Swap Agreement, the Swap Provider will, on a reasonable efforts basis and at its own cost, be obliged, if required, to post collateral within 60 calendar days if the Swap Provider is an OCB or, if the Swap Provider is not an OCB, mark-to-market collateral within 14 calendar days and the full collateral amount (including any applicable liquidity adjustment and volatility cushion) within 60 calendar days, and continue to have collateral posted unless, in its sole discretion and at its own cost, it either (i) procures a transfer to an eligible replacement of its obligations under the Swap Agreement or (ii) procures a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Class A Notes by Fitch. The Issuer may terminate the Fixed Rate Swap Transaction if the Swap Provider fails to provide collateral in respect of the Fixed Rate Swap Transaction in the relevant time period (to the extent the Swap Provider is required to do so).
	Derivative counterparty rating or, if not assigned by Fitch, long-term issuer default rating assigned by Fitch at least "BBB-" or short-term issuer default rating at least "F3" from Fitch.	Subject to the terms of the Swap Agreement, the Swap Provider will be obliged, if required, to post (within 14 calendar days) or continue to post collateral (pending the taking of any actions set out in sub-paragraphs (i) to (iii)) and also, on a reasonable efforts basis at its own cost, attempt to take one of the following actions within 60 calendar days: (i) to procure a transfer to an eligible replacement of its obligations under the Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Class A Notes by Fitch. The Issuer may terminate the Fixed Rate Swap Transaction if the Swap Provider fails to provide collateral in respect of the Fixed Rate Swap Transaction in the relevant time period (to the extent the Swap Provider is required to do so). The Issuer may also terminate the Fixed Rate Swap Transaction if the Swap

Transaction Party	Required Ratings on the Closing Date	Possible effects of Ratings Trigger being breached include the following
Issuer Account Bank:	(i) Fitch: A short-term issuer default rating (or deposit rating, if assigned) of at least F1 by Fitch or a long-term issuer default rating (or deposit rating, if assigned) of at least A by Fitch; and (ii) Moody's: A long-term bank deposits rating of at least A3 by Moody's or a short-term issuer default rating of at least P1 by Moody's, or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.	Provider fails to take the relevant actions in (i) to (iii) above. Within 60 calendar days of the breach, one of the following will occur: (a) the Transaction Account and each Swap Collateral Account may be closed by, or on behalf of, the Issuer and all amounts standing to the credit thereof will be transferred by, or on behalf of, the Issuer to accounts held with a financial institution which satisfies the Issuer Account Bank Required Minimum Rating, or (b) a guarantee of such Issuer Account Bank's obligations under the relevant Account Bank Agreement may be obtained from a financial institution which satisfies the Issuer Account Bank Required Minimum Rating, or (c) a Ratings Confirmation will be obtained or the relevant Issuer Account Bank will take such other actions as may be reasonably requested by the parties to the Account Bank Agreement (other than the Trustee) to ensure that the rating of the Class A Notes immediately prior to the breach is not adversely affected by the breach.

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
Servicer Termination Event See the section entitled "<i>The Servicer and the Servicing Agreement</i>" for further information on this.	(a) Servicer payment default; (b) Failure to comply with any of its other covenants or obligations; or (c) Servicer Insolvency Event.	The Issuer or the Trustee may terminate the appointment of the Servicer. The Issuer shall appoint a replacement Servicer in accordance with a replacement servicing agreement.
Perfection Trigger Events See the section entitled "<i>The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement</i>" for further information on this.	(a) Seller Insolvency Event; (b) Severe Credit Quality Deterioration Event; (c) the Seller defaults in the performance or observance of any of its other obligations under the Transaction Documents, including failure to repurchase any Loan under the	The legal transfer by the Seller to the Issuer of all the Loans and their Related Security as soon as reasonably practicable.

Nature of Trigger	Description of Trigger	Consequence of Trigger
	Mortgage Sale Agreement, and such default continues unremedied for longer than the remedy period permitted by the relevant Transaction Documents;	
	(d) an Enforcement Notice has been served following the occurrence of an Event of Default;	
	(e) the Seller is required to perfect the Issuer's legal title to the Loans or their Related Security by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Seller or by any organisation of which the Seller is a member, or it becomes necessary by law or regulation to perfect the Issuer's legal title;	
	(f) the security created under or pursuant to the Deed of Charge or any material part of that security is, in the opinion of the Trustee, in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy;	
	(g) the termination of appointment of the Servicer following the occurrence of a Servicer Termination Event; or	
	(h) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Mortgage in the Portfolio.	

Nature of Trigger	Description of Trigger	Consequence of Trigger
Cash Manager Termination Event See section entitled "<i>Cashflows and Cash Management</i>" for further information on this.	Following the termination of the appointment of the Cash Manager under the Cash Management Agreement.	The Issuer or the Trustee may terminate the appointment of the Cash Manager. The Issuer shall appoint a replacement cash manager pursuant to a replacement Cash Management Agreement.

FEES

The following table sets out the estimated on-going annual fees to be paid by the Issuer to the specified Transaction Parties.

Please note that that where a replacement Servicer or replacement cash manager has been appointed, the replacement Servicer or replacement Cash Manager is likely to charge fees, and such fees are likely to be paid in priority in cashflow ahead of all outstanding Notes quarterly in arrear on each Interest Payment Date.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing Fee	0.2 per cent. per annum (inclusive of VAT) of the aggregate amount of the Portfolio at the opening of business on the preceding Collection Period	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Other fees and expenses of the Issuer	Estimated at 0.02 per cent. per annum (inclusive of VAT) of the aggregate amount of the Portfolio at the opening of business on the preceding Collection Period	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Expenses related to the admission to trading of the Notes – Closing Date	Estimated at £9,750 (exclusive of VAT)	Ahead of all outstanding Notes	On or about the Closing Date

As at the date of this Prospectus, the standard rate of UK value added tax ("VAT") is 20 per cent..

WEIGHTED AVERAGE LIVES OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The average lives of the Notes cannot be stated, as the actual rate of repayment of the Loans and redemption of the Mortgages and a number of other relevant factors are unknown.

However, calculations of the possible average lives of the Notes can be made based on certain assumptions. For example, the following tables were prepared based on the characteristics of the Loans included in the Portfolio and the following additional assumptions:

- (a) there are no arrears or enforcements;
- (b) no Loan is sold by the Issuer;
- (c) no Loan is subject to a Product Switch;
- (d) there is no debit balance on any of the sub-ledgers of the Principal Deficiency Ledger on any Interest Payment Date;
- (e) the Seller is not in breach of the terms of the Mortgage Sale Agreement;
- (f) no Loan is repurchased by the Seller;
- (g) no Further Advances are made in respect of the Portfolio;
- (h) the portfolio mix of loan characteristics remains the same throughout the life of the Notes;
- (i) the ratio of the Principal Amount Outstanding of the Class A Notes to the aggregated Current Balances of the Provisional Portfolio as at the Closing Date is 91.37 per cent.
- (j) the Notes are issued on or about 15 September 2026 and all payments on the Notes are received on the 18th day of every third calendar month commencing from 18 December 2026. The collection dates are the end of each month preceding the Interest Payment Date;
- (k) in the case of tables stating, "to call", the Notes are redeemed at their Principal Amount Outstanding on the Step-Up Date;
- (l) the Notes will be redeemed in accordance with the Conditions;
- (m) no Security has been enforced;
- (n) the assets of the Issuer are not sold by the Trustee except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes;
- (o) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (p) the Loans continue to be fully performing;
- (q) the Portfolio to be purchased on the Closing Date is identical to the Provisional Portfolio, which has the characteristics defined in the section entitled "*Statistical Information on the Provisional Portfolio*" as at the Provisional Cut-Off Date;
- (r) for each Fixed Rate Swap Transaction calculation, the day count basis is Actual/365;
- (s) Compounded Daily SONIA is assumed to be 3.73 per cent; and
- (t) mortgage loans that are indicated to revert to a standard variable rate are assumed to revert to the Seller Standard Variable Rate, which is assumed to be 6.31 per cent.

The actual characteristics and performance of the Loans are likely to differ from the assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Loans will prepay at a constant rate until maturity, that all of the Loans will prepay at the same rate or that there

will be no defaults or delinquencies on the Loans. Moreover, the diverse remaining terms to maturity and mortgage rates of the Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity and weighted average mortgage rates of the Loans are as assumed. Any difference between such assumptions and the actual characteristics and performance of the Loans, or actual prepayment or loss experience, will affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage CPR.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Notes. These average lives have been calculated on an Actual/365 basis.

Weighted Average Lives of the Notes at the Specified CPRs

Possible Average Life of Class A Notes (years)		
CPR	Assuming Issuer Call on Step-Up Date	Assuming no Issuer Call
0%	4.63	13.58
5%	4.05	8.11
10%	3.54	5.43
15%	3.09	3.97
20%	2.68	3.07
25%	2.32	2.47
30%	2.01	2.05

The average life of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution.

For more information in relation to the risks involved in the use of the average lives estimated above, see the section entitled "*Risk Factors – Credit Structure – Yield and prepayment considerations*".

USE OF PROCEEDS

The Issuer will use the net proceeds of £382,510,000.00 of the issue of the Notes to pay to the Seller the Consideration of £383,060,002.39 payable by the Issuer for the Loans included in the Portfolio to be acquired from the Seller on the Closing Date (see "*The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement*").

In addition, the Issuer will, on the Closing Date, make a drawing under the Subordinated Loan Agreement entered into with NBS as Subordinated Loan Provider in the amount of £5,337,280.84. The Issuer will apply the proceeds of the Subordinated Loan to (i) establish the General Reserve Fund on the Closing Date, (ii) fund certain fees and expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date and (iii) pay any amount of Consideration in respect of the Portfolio not paid by the net proceeds from the issue of the Notes.

ISSUER

The Issuer was incorporated in England and Wales on 30 March 2026 (registered number 17123867) and is a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is at 10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU. The telephone number of the Issuer's registered office is +44 (0) 203 855 0285.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £ 1 each, 49,999 shares of which are partly paid to £ 0.25 each and 1 of which is fully paid and all of which are beneficially owned by Holdings (see the section entitled "*Holdings*" below).

The Issuer was established as a special purpose vehicle for the purposes of issuing the Notes. The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issue of the Notes and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. Save as disclosed in this Prospectus, the Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus. The Issuer has no employees. Except for the purpose of hedging interest-rate or currency risk, the Issuer will not enter into derivative contracts for the purposes of SECN 2.2.16R.

As at the date of this Prospectus, no statutory accounts have been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2026. The auditors of the Issuer are Deloitte LLP, a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is registered and authorised for regulated activities under the Institute of Chartered Accountants in England and Wales (Registered Number C009201919).

The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 11 September 2026.

Under the Corporate Services Agreement, the Corporate Services Provider will provide to the Issuer certain directors and other corporate services for the Issuer in consideration for the payment of an annual fee to the Corporate Services Provider.

Directors and secretary

The following table sets out the directors of the Issuer and their respective business addresses and occupations.

Name	Business address	Business Occupation
CSC Directors (No.1) Limited	10 th Floor, 5 Churchill Place, London E14 5HU	Director
CSC Directors (No.2) Limited	10 th Floor, 5 Churchill Place, London E14 5HU	Director
Raheel Shehzad Khan	10 th Floor, 5 Churchill Place, London E14 5HU	Director
CSC Corporate Services (UK) Limited	10 th Floor, 5 Churchill Place, London E14 5HU	Secretary

The company secretary of the Issuer is CSC Corporate Services (UK) Limited, whose principal office is at 10th Floor, 5 Churchill Place, London E14 5HU.

HOLDINGS

Holdings was incorporated in England and Wales on 30 March 2026 (registered number 17123862) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU. The telephone number of Holdings' registered office is +44 (0) 203 855 0285.

The issued share capital of Holdings comprises one ordinary share of £1.

The entire beneficial interest in the share of Holdings is held by CSC Corporate Services (UK) Limited (the "**Share Trustee**") on a discretionary trust.

Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

The Seller does not own directly or indirectly any of the share capital of Holdings and neither the Seller nor any company connected with the Seller can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer or any other similar vehicle.

Holdings has not engaged in any other activities since its incorporation other than those incidental to the authorising of the Transaction Documents to which it is or will be a party and other matters which are incidental to those activities. Holdings has no employees.

Directors

The directors of Holdings and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
CSC Directors (No.1) Limited	10 th Floor, 5 Churchill Place, London E14 5HU	Director
CSC Directors (No.2) Limited	10 th Floor, 5 Churchill Place, London E14 5HU	Director
Raheel Shehzad Khan	10 th Floor, 5 Churchill Place, London E14 5HU	Director
CSC Corporate Services (UK) Limited	10 th Floor, 5 Churchill Place, London E14 5HU	Secretary

The company secretary of Holdings is CSC Corporate Services (UK) Limited, whose principal office is at 10th Floor, 5 Churchill Place, London E14 5HU.

The accounting reference date of Holdings is 31 December.

TRUSTEE

Citicorp Trustee Company Limited (Citicorp) was incorporated on 24 December 1928 under the laws of England and Wales and has its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, with company number 235914.

Citicorp is an indirect wholly-owned subsidiary of Citigroup Inc., a diversified global financial services holding company incorporated in Delaware. Citicorp is regulated by the UK's Financial Conduct Authority.

**AGENT BANK, ISSUER ACCOUNT BANK, PRINCIPAL PAYING AGENT, CASH MANAGER,
CUSTODIAN AND REGISTRAR**

Citibank, N.A., a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States on 17 July 1865 with Charter number 1461 and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

The London Branch of Citibank, N.A. is authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the Prudential Regulation Authority. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

CORPORATE SERVICES PROVIDER

CSC Capital Markets UK Limited (registered number 10780001), having its principal address at 5 Churchill Place, 10th Floor, London England, E14 5HU, United Kingdom, will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement.

CSC Capital Markets UK Limited has served and is currently serving as corporate service provider for numerous securitisation transactions and programmes involving pools of mortgage loans.

Source – CSC Capital Markets UK Limited

THE SWAP PROVIDER

Lloyds Bank Corporate Markets plc ("**Lloyds Bank Corporate Markets**") (LEI 213800MBWEIJDM5CU638) is a wholly owned subsidiary of Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, "**Lloyds Banking Group**"), was incorporated under the laws of England and Wales on 28 September 2016 (registration number 10399850) and is authorised by the PRA and regulated by the FCA and the PRA. Lloyds Bank Corporate Markets' registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom.

Lloyds Bank Corporate Markets was created in response to the Financial Services (Banking Reform) Act 2013, which took effect from 1 January 2019 and requires the separation of certain commercial banking activities and international operations from the rest of the Lloyds Banking Group.

Lloyds Bank Corporate Markets provides a range of banking and financial services through its UK and overseas branches and offices, with operations in the UK, the Crown Dependencies, the United States, and Germany. These products and services form an integral part of the client service proposition of the Lloyds Banking Group.

Additional information on Lloyds Bank Corporate Markets, and Lloyds Banking Group's approach to ring-fencing, is available from Investor Relations, Lloyds Banking Group, 33 Old Broad Street, London, EC2N 1HZ or from the following internet website address: <http://www.lloydsbankinggroup.com>. The information on this website does not form part of this Prospectus.

NEWCASTLE BUILDING SOCIETY

Introduction

The principal office of Newcastle Building Society ("NBS" and, together with its subsidiaries, the "**Group**") is 1 Cobalt Park Way, Wallsend, NE28 9EJ and its telephone number is 0191 244 2000. It is incorporated and registered under the Building Societies Act 1986 (the "**Act**") with registration number 233B.

NBS is the largest building society based in the North East of England and the seventh largest building society in the UK based on asset size, with Group assets as at 31 December 2025 of £7,011.9 million (31 December 2024: £6,556.2 million).

History of Newcastle Building Society

Grainger Building Society took over the City of Newcastle Building Society and the North Northumberland Benefit Building Society before merging with the Percy Building Society in 1957 to become the Grainger and Percy Building Society. It then absorbed the Victory Building Society in 1974 and changed its name back to Grainger Building Society.

Newcastle Permanent Building Society acquired the assets of the North Eastern Permanent Building Society in 1942, followed by the Portland Building Society in 1961 and the St. Andrews Building Society in 1979.

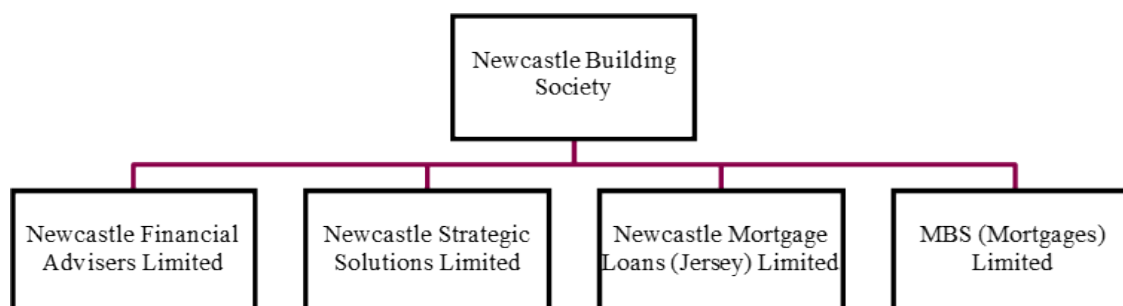
In 1980, Newcastle Permanent Building Society merged with Grainger Building Society and so NBS was formed.

NBS merged with the Nottingham Imperial Building Society in 2000, the Universal Building Society in 2006, and on 1 July 2023 acquired the engagements of Manchester Building Society by way of a merger under the Act.

Group Structure

The Group is centred on NBS, a UK-based mutual savings and lending institution which places its members at the core of its business model. NBS represents the Group's principal operating entity and primary business activity. NBS has significantly more than five years' experience in the origination, underwriting and servicing of residential mortgage loans of a similar nature to those comprised in the Portfolio.

NBS operates a regional branch network comprising 34 branches across the North East of England, North Yorkshire and Cumbria with one branch on King Street, Manchester operating under the Manchester Building Society Brand. The network includes a five storey flagship Monument branch in Newcastle city centre, which opened in July 2025, and a new branch in Guisborough, which opened in April 2026. NBS is also exploring opportunities to extend its branch model into the North West of England through the Manchester Building Society brand.



All subsidiary undertakings are consolidated in the Group's financial statements. These entities are incorporated in the United Kingdom, with the exception of Newcastle Mortgage Loans (Jersey) Limited, which is incorporated and domiciled in Jersey and operates without employees.

The Group also includes two special purpose vehicles established to support its funding strategy. Tyne Funding No.1 PLC, incorporated on 30 September 2021, was established to facilitate a fully retained buy to let securitisation completed in December 2021 for contingency funding purposes. Hadrian Funding 2025-1 PLC, incorporated on 30 January 2025, was established to facilitate the issuance of a residential mortgage backed securitisation in July 2025, comprising both publicly issued and retained notes.

Although NBS does not hold a controlling equity interest in either Tyne Funding No.1 PLC or Hadrian Funding 2025-1 PLC, it is exposed to variable returns from, and has the ability to influence, those entities. Accordingly, both entities are consolidated within the Group for accounting purposes. As at 31 December 2025, the carrying value of these entities in NBS's balance sheet was £nil.

Constitution

NBS is registered under, and operates in accordance with, the Act, and operates in accordance with the Act, regulations made thereunder and its Rules and Memorandum. NBS is an incorporated building society for the purposes of the Act and is authorised and regulated by the PRA and regulated by the FCA and the PRA under the firm reference number 156058.

NBS is a mutual organisation with most of its members being retail savings shareholding members, borrowing members or both. Eligibility to vote at General Meetings is governed by the Act and by the Rules of NBS.

Principal business areas

NBS's principal business activity, in line with its principal purpose as stated in its Memorandum, is making loans which are secured on residential property and are funded substantially by its members.

NBS obtains funds from the retail market through personal savings and deposit accounts and also raises funds in the wholesale markets. It advances the funds raised primarily to borrowers on the security of first charge mortgages secured on freehold and leasehold property.

The other activities of NBS, in line with its other purposes set out in its Memorandum, are:

- (a) to carry on the businesses of banking, investment, insurance and the provision of financial services and facilities;
- (b) to carry on any businesses connected with the provision of housing or other accommodation or the provision of any services relating to housing or other accommodation;
- (c) to carry on any businesses in the fields of information technology, data processing and communications;
- (d) to carry on any businesses involving the provision of goods or other services (whether for consumer or others) or dealing in any property;
- (e) to act as a parent undertaking and investment body and to assist and co-ordinate the activities of any undertakings in which it holds an interest;
- (f) to promote and support community and charitable purposes; and
- (g) to carry on or participate in any business or other activity which, in the opinion of the Board or any duly authorised officer or employee of NBS, may conveniently be carried on in connection with any other activity of NBS or for developing, taking advantage of or protecting any of the property or income of NBS or any connected undertaking of NBS or managing any risks associated with the activities of NBS or any connected undertaking of NBS.

Purpose and strategy

NBS's purpose is 'connecting our communities with a better financial future' (the "**Purpose**"). As a regional building society, NBS's strategy and leadership are shaped by its Purpose in order to deliver a sustainable business to benefit both the region and its customers over the long-term.

As a mutual business, NBS's success lies in the intersection between serving the interests of its stakeholder members and communities and delivering an efficient, profitable and resilient business model which is both valued by and compelling to its customers and which is financially robust.

NBS cares about building lasting, authentic relationships with its customers, which means that while digital and intermediary channels play a key role in distribution and service delivery, face-to-face contact and a thriving branch network are particularly important. NBS has been keen to innovate in this area and has a track-record in delivering a successful branch model in locations from which other banking institutions have previously withdrawn and as such NBS plays a key role in maintaining vibrant high streets across its heartland region.

NBS's strategy is built around five key strategic themes:

1. being truly Purpose-led and making sure that delivering on its Purpose is at the heart of the Society's strategy and that its business model is effectively 'Powered by Purpose';
2. building its brand through its communities, recognising that its success relies on the reputation the Society builds with its customers and the difference it makes for the communities it serves across its region;
3. growing the scale and efficiency of the business, increasing its impact and the long-term sustainability of its operations;
4. fostering mutual advocacy, whereby its customers genuinely value the services the Society provides and the contribution it makes to its community and region; they actively participate in the Society and become the Society's biggest advocates, encouraging others to become part of the Society; and
5. understanding that making a positive contribution to the region's environmental sustainability is no longer a matter of choice but a necessity.

Management

The affairs of NBS are conducted and managed by a Board of Directors (the "**Board**") who are elected and serve in accordance with the Rules and the Memorandum. The Board is responsible to the Society's members for the proper conduct of the affairs of the Society and appoints and supervises executives who are responsible to the Board for the day-to-day management of the Society.

The business address of the Society's Directors is 1 Cobalt Park Way, Wallsend, NE28 9EJ. The members of the Board, their roles within the Society and their principal outside activities are, as at the date of this Prospectus, as set out below.

Name	Position within NBS	Other Directorships and positions
George Adam Bennett	Independent Non-Executive Director	Darkwood Croft Management Company Limited MAM Properties Limited
Rory Tristan Sebastian Campbell	Independent Non-Executive Director	Ignite Consulting Trustee Limited* New Vantage Consulting Limited * resignation from this position is in progress and resignation is

Name	Position within NBS	Other Directorships and positions
		expected to be updated at Companies House shortly.
Andrew Peter Conroy	Chief Financial Officer and Executive Director	None
Richard Kenneth Gabbertas	Independent Non-Executive Director	Arbuthnot Banking Group PLC Arbuthnot Latham & Co Limited
Andrew Scott Haigh	Chief Executive Officer and Executive Director	Newcastle Financial Advisers Limited North East Chamber of Commerce
Karen McDonagh Reynolds	Independent Non-Executive Director	Newcastle Strategic Solutions Limited
James David Alexander Ramsbotham	Chair and Independent Non-Executive Director	Newcastle Strategic Solutions Limited High Doctor Pasture Caravan Park Limited Altruism Limited Willian Trustee Limited
Micael Roger Thompson	Independent Non-Executive Director	Atlas Cloud Limited Newcastle United Foundation The Clinkard Group Limited Clinkard Holdings Limited NorthStandard Limited NorthStandard EU Designated Activity Company Tyne and Wear Building Preservation Trust Limited
Kathryn Lucy Hay Winskell	Independent Non-Executive Director	Mollwin Investments Limited International Centre for Life Trust North East Theatre Trust Limited

THE PORTFOLIO

THE LOANS

Introduction

The Seller originates and services a range of mortgage loans with differing features.

This section provides information regarding certain characteristics of the mortgage loans originated by the Seller including descriptions of mortgage loan types, underwriting standards and Lending Criteria (as defined in the section titled "The Portfolio – Lending Criteria" below).

In selecting which loans to sell to the Issuer, the Seller has identified a pool of eligible mortgage loans for the Provisional Portfolio. Each Loan in the Provisional Portfolio incorporates one or more of the features referred to in this section. From the Provisional Portfolio, the Seller will sell to the Issuer a Portfolio of loans and its Related Security on the Closing Date. Any Loan included in the Portfolio to be sold to the Issuer on the Closing Date will be randomly selected from the Provisional Portfolio.

The composition and characteristics of the Portfolio may differ from those of the Provisional Portfolio on account of the exclusion of any Loans which have been repaid in full in the period from (but excluding) the Provisional Cut-Off Date to (and excluding) the Closing Date and Loans that would not comply with the representations and warranties given by the Seller in the Mortgage Sale Agreement on the Closing Date.

Prospective investors should note that some mortgage loans in the Provisional Portfolio benefit from the MIG Policy and that, on and from the Closing Date, the Seller will retain the benefit of the MIG Policy and will not sell such benefit to the Issuer. See "*The Portfolio - Insurance Policies - MIG Policy*".

Characteristics of the Loans

Origination of the Loans

The mortgage loans included in the Provisional Portfolio were all made no earlier than 3 October 2014 and on or before 1 October 2025 and the Seller derived their mortgage lending business at the relevant times from the following sources:

- (a) its branch networks throughout the North East of England, North Yorkshire and Cumbria;
- (b) a centralised direct to customer telephony mortgage advice operation; and
- (c) intermediaries that include mortgage brokers and independent financial advisors throughout the UK (except Northern Ireland).

Interest Payments

The Loans in the Provisional Portfolio have one or more of the following interest terms:

- **"Fixed Rate Loans"** means Loans subject to a fixed interest rate for a specified period of time and which at the expiration of that period generally convert to Variable Rate Loans. An early repayment charge may be payable in respect of these Loans for a set period of time, which generally corresponds with the term of the fixed interest rate.
- **"Variable Rate Loans"** means Loans subject to a rate of interest linked to the Seller Standard Variable Rate or Issuer Variable Rate, as the case may be, for the life of the Loan or until an alternative product that the Borrower qualifies for is selected by the Borrower. Variable Rate Loans will not usually have an early repayment charge.
- **"Discount Rate Loans"**: means Loans which allow the Borrower, for a set period of time or for the life of the Loan, to pay interest at a specified discount to the Seller Standard Variable Rate or Issuer Variable Rate, as the case may be. At the end of the discounted period, generally the Loans convert to a Variable Rate Loan. An early repayment charge may be payable in respect of these Loans for a set period of time, which generally corresponds with the term of the discounted interest rate.

Repayment Terms

Borrowers typically make payments of interest on, and repay principal of, their Loans using one of the following methods:

- **"Repayment Loans"**: the Borrower makes monthly payments of both interest and principal so that, when the Loan matures, the Borrower will have repaid the full amount of the principal of the Loan.
- **"Interest Only Loans"**: the Borrower makes monthly payments of interest but not of principal; when the Loan matures, the entire principal amount of the Loan is generally still outstanding and the Borrower must repay that amount in one lump sum. Where Loans are interest only, proof is required that a suitable repayment mechanism has been put in place.
- **"Part and Part Loans"**: the Borrower is required to repay part of the principal amount of the Loan by making monthly payments of both interest and principal and to repay the remaining part of the principal amount of the Loan in one lump sum when the Loan matures.

Calculation of Current Balance

NBS employs the methodology set out below in order to determine the balance of each Loan and the collections in respect of it.

The **"Current Balance"** of a Loan means, on any date, the aggregate balance of the amounts charged to the Borrower's account in respect of a Loan at such date (but avoiding double counting) including:

- (a) the original principal amount advanced to the relevant Borrower and any further amount (including any Further Advance) advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage;
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or capitalised in accordance with the Seller's normal charging practices and added to the amounts secured or intended to be secured by the related Mortgage; and
- (c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or in accordance with the Seller's normal charging practices but which is secured or intended to be secured by the related Mortgage, as at the end of the Business Day immediately preceding that given date,

less any repayment or payment (including, if permitted, by way of set-off, withholding or counterclaim) of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released and any Further Advances committed to be made but not made by the end of the Business Day immediately preceding that given date.

Interest is charged on the Current Balance of each Loan (other than any part thereof which represents an insurance premium not due for payment by the Borrower).

Early Repayment Charges

If a Borrower wishes to repay the whole of an advance before the time agreed, the Borrower may do so. A Borrower may repay part of an advance before the time agreed provided such partial repayment is not prohibited under the terms of the Loan. In the case of repayment in full, the Borrower must pay to the Seller all sums owing to it in respect of such advance by way of principal, interest and costs (including, if the terms of the advance so provide, an early repayment charge) together with the Seller's expenses reasonably and properly incurred in connection with such repayment. Not all products offered by the Seller carry an early repayment charge.

Repayment charges will be calculated on the basis provided under the relevant offer of advance in relation to a Loan. In these cases, the Seller retains absolute discretion to waive or enforce early repayment charges

in accordance with the Seller's policy from time to time. The amount of any early repayment charges which may become payable on the Loans that are sold to the Issuer will comprise Revenue Receipts.

Seller Standard Variable Rate

The Seller Standard Variable Rate means any variable mortgage rate set by the Seller by reference to the general level of interest rates and competitor rates in the UK mortgage market and, as at the Closing Date, is 6.31 per cent. per annum.

Pursuant to the Mortgage Conditions in force as at the Closing Date, NBS may only change its standard variable rate to take into account the following circumstances:

- (a) market interest rate conditions as they affect NBS for example, if the market rate that lending institutions generally have to pay to borrow funds to lend on the type of products covered by the Mortgage Conditions increases, so that NBS has to pay more to fund its lending;
- (b) NBS needs to respond to changes to its legitimate costs associated with providing the service to the Borrower, including its reasonable administrative and overhead costs;
- (c) there is a change in the law (including tax law), the interpretation of the law, the decisions of any court or ombudsman or any requirements or guidance of a regulatory authority; or
- (d) a change in NBS's lending risk or cost of lending if there are changes in the way the Property is used or occupied or if the Borrower is in breach of any of the Mortgage Conditions,

and any such change may only increase NBS's standard variable rate if the change:

- (i) is made having regard to running NBS's business as a building society in the interest of its membership as a whole, balancing the interest of its savers and borrowers;
- (ii) is proportionate to and not greater than is justified by the circumstances giving rise to it; and
- (iii) does not discriminate unfairly against the Borrower individually or as a particular type of borrower, unless the circumstances in question relate specifically to a particular type of borrower (in which case NBS will give an explanation about that).

Where NBS transfers the benefit of all or part of a Loan, references in the Mortgage Conditions to NBS's standard variable rate shall be the rate of interest determined from time to time by the transferee.

Further Advances

A Borrower may apply to the Seller for a further amount to be lent to him or her under his or her Loan. This further amount will be secured by the same Property as the Loan, and will be added as a separate sub-account to the Loan. Any Further Advance made by the Seller and purchased by the Issuer will be added to the Current Balance of that Borrower's Loan on the relevant Advance Date. The aggregate of the outstanding amount of the Loan and the Further Advance may be greater than the original amount of the Loan.

Product Switches

From time to time a Borrower may request, or the Seller or the Servicer (on behalf of the Seller) may offer, in limited circumstances, a variation in the financial terms and conditions applicable to the Borrower's Loan. In addition, in order to promote the retention of Borrowers, the Seller may periodically contact certain Borrowers in respect of the Seller's total portfolio of outstanding residential mortgage loans in order to encourage a Borrower to review the Seller's other residential mortgage loans and to discuss moving that Borrower to an alternative mortgage product. Any such variation (subject to certain exceptions) is called a "**Product Switch**".

A Loan which is subject to a Product Switch may remain in the Portfolio subject to the terms contained in the Mortgage Sale Agreement. See "*The Portfolio – Sale of the Portfolio under the Mortgage Sale Agreement*".

Underwriting

The underwriting approach of the Seller has changed over time. Loans in the Portfolio may have been originated in accordance with different underwriting criteria from those set out here, depending on their date of origination.

The current approach of the Seller to the underwriting of loans takes into account a number of factors including the following:

- (a) *Credit score*: calculation of propensity to default based on a combination of customer supplied, internal performance and credit bureau data.
- (b) *Affordability*: a comprehensive affordability assessment is undertaken for each applicant to ensure verified income covers the stressed mortgage payment.
- (c) *Valuations*:
 - (i) Valuations are carried out in full, via automated valuation models ("**AVM**") or a remote valuation. On purchase and remortgages cases AVMs can be used up to 85 per cent. loan to value ("**LTV**"), and remote valuations up to 85 per cent. LTV.
 - (ii) All mortgage applications receive a manual underwrite assessment, by experienced staff, in addition to the automated scoring process.

There has been no revaluation of the properties for the purposes of the issue of the Notes and the valuations quoted are as at the date of origination of the Loan or the most recent valuation thereof (including indexed valuations where applicable).

Lending Criteria

Each Loan and its Related Security was originated in the ordinary course of business according to the Seller's lending criteria (the "**Lending Criteria**") applicable at the time the Loan was offered, which included some or all of the following criteria pursuant to underwriting standards that are no less stringent than those that the Seller applied at the time of origination to similar exposures that are not included in the Portfolio.

All mortgage loans (including, for the avoidance of doubt, the Loans) are originated by the Seller and approved by processors or underwriters according to the relevant mandate levels and the Lending Criteria at the time, which includes (but is not limited to) an assessment of the borrower's creditworthiness, in each case taking into account factors relevant to verifying the prospect of the borrower's ability to make repayments under its mortgage loan.

The following is a summary of the Lending Criteria applied by the Seller in originating the Loans, subject to any underwriting exception (as described below). It should be noted that the Lending Criteria have changed over time and not all Loans in the Portfolio will have been originated under these terms. The Seller retains the right to revise its lending criteria from time to time, so the criteria applicable to any Loans which are the subject of a Further Advance or Product Switch may not be the same as those currently used or used at the time of the Initial Advance in relation to such mortgage loan.

(a) *Property – location*

Each property on which a Loan is secured is situated in either England, Wales or Scotland.

(b) *Property – Borrower's title*

Each property is a freehold, heritable, long leasehold, leasehold or commonhold residential property in England, Wales or Scotland, the legal title to which is vested in the Borrower and is a good, valid and marketable title.

(c) *Property – leasehold term*

In the case of a leasehold residential property, if the term of the lease is 85 years or less at the start of the mortgage the property must be referred to an underwriter for approval.

(d) *Property – valuation*

A valuation report is required, to be performed by a panel valuer. An approved panel of valuers is maintained by current appointed panel manager E.SURV Limited on NBS's behalf in the UK. The following qualifications are accepted without reference: an Associate, Member or Fellow of the Royal Institution of Chartered Surveyors (and must be a RICS registered Valuer under the RICS Valuer Registrations Scheme at the date of the valuation), a Fellow of the Incorporated Society of Valuers and Auctioneers, an Associate of the Incorporated Society of Valuers and Auctioneers (a "**Valuer**"). Other qualifications may be acceptable to the Seller acting as a Prudent Mortgage Lender.

Where pre-defined eligibility criteria have been met (such as property type or LTV), Hometrack Data Systems Limited's AVMs may be used. Minimum confidence levels are required on any AVM. Where an acceptable AVM is not available, a physical valuation is then automatically instructed.

(e) *Property – Security*

Each loan is secured by first priority charges over freehold and leasehold properties in England and Wales or, as the case may be, first ranking standard securities over heritable or long lease properties in Scotland.

Due to the increased property risk, and hence re-saleability in the event of repossession, the Seller deems the following types of property unacceptable as security:

- "Flying-freehold" (where an element of the property extends over or under a neighbouring property) if more than 25 per cent. of such property is involved.
- Houses with rooms let or likely to be let to several tenants where premises have not been converted or constructed for this purpose.
- Unmodernised flats.
- Ex local authority flats where LTV will exceed 75 per cent. or where such flats have more than five storeys.
- Properties that are subject to any agricultural restrictions.
- Back-to-back houses.
- Ex local authority houses built in a non-traditional way (i.e. prefabricated reinforced concrete (UK branches only)).
- Freehold flats. These are not acceptable unless the Borrower will own a share of the freehold where a management company is in place to oversee maintenance of the building.
- Mobile homes or caravans.
- Houseboats.
- Uninsurable properties (such as due to flood risk). NBS requires that all properties be insured and conducts checks for flood risk prior to completion.
- Properties with an annex that will not be occupied by borrowers or their family or those that will be used for commercial gain.
- Properties with land that is to be used for farming/business activities or has planning restrictions.
- Grade 1 listed buildings.

(f) *Property – use*

Only property of an acceptable standard of construction and intended for use wholly or partly as a principal place of residence is considered suitable security.

(g) *Loan – loan to value ratio*

The LTV is calculated by dividing the initial principal amount advanced at completion of the Loan (excluding any completion fees) by the lesser of the valuation or purchase price of the property. For the purpose of calculating the applicable LTV, any builder's deposit or incentives are accounted for in the relevant valuation or deducted from the relevant purchase price.

What is an acceptable LTV will depend on the nature of the product and Borrowers, the value of the property and the credit rating of the borrowers.

Loans are restricted to a maximum LTV of 98 per cent. unless subject to restrictions as defined in the Residential Lending Policy.

(h) *Loan – repayment methods*

Loans may be capital and interest repayment loans, part and part loans or interest only loans. Where Loans are interest only, proof is required that a suitable repayment mechanism to repay the loan on term expiry has been put in place.

(i) *Loan – term*

Maximum loan term of 40 years.

(j) *Borrower – capacity and status*

The Seller will only lend to individuals or joint borrowers who are UK residents where loans will be held in individual names. Applications from limited companies, trusts and special purpose vehicles will not be accepted. Borrowers must have a minimum age of 18 for residential loans.

(k) *Borrower – credit history*

All Borrowers will be credit searched on receipt of a new application and also credit scored via the existing residential scorecard which will take into account the credit performance of Borrowers for up to the last six years.

(l) *Borrower – income and affordability*

A full income and expenditure assessment will be carried out to calculate free disposable income to ensure that the Loan is affordable, at the point of origination and going forwards. Affordability and reasonableness checks are carried out to validate income and expenses. The Seller will accept certain types of income subject to satisfactory evidence being obtained, including:

- (i) Income from employment by way of payslips & P60 (basic salary, work allowances (car, location, shift), overtime, bonus and commission).
- (ii) Income from self-employment (including where the applicant owns 20 per cent. or more of the allocated shares in the business) by way of tax calculation and accompanying overview ("SA302s"), accountants' certificate and limited company accounts. (Sole trader income, Share of net profit, directors' salary and dividend).
- (iii) Income from retirement / other – pension and rental income by way of most recent annual statement, bank statements, SA302s.

A higher income weighting is applied to primary, permanent and reliable income sources (such as basic salary, car allowance, pension) and a lower weighting to other regular and sustainable, but more variable, forms of income (overtime, commission). Where income cannot be verified this will not be included.

Lending decisions are based on an assessment of affordability for each individual application. Consideration is given to the lifestyle and spending pattern of applicants and consideration is given to long term affordability to allow for future rate increases. Where there are two applicants, the Seller adds joint incomes together for the purpose of calculating the applicants' total income.

FCA guidelines on responsible lending require that lenders no longer rely on standard income multiples across the board. Current income multiples/Loan to Income caps are shown below:

Standard

- | | | |
|------|--|-------|
| (i) | Income <£35,000 (£34,999 and below) & LTV is >=90 per cent. | 4.49x |
| (ii) | Income >=£35,000 (£35,000 and above) & LTV is <=90 per cent. | 5x |

Enhanced plus - Employed

- | | | |
|-----|---|----|
| (i) | Income >=£75,000 (£75,000 and above) & LTV is <=90 per cent | 6x |
|-----|---|----|

Enhanced plus - Self Employed

- | | | |
|-----|---|------|
| (i) | Income >=£75,000 (£75,000 and above) & LTV is <=90 per cent | 5.5x |
|-----|---|------|

First Step

- | | | |
|-----|--------------------------------------|-------|
| (i) | LTV is 95.01 per cent to 98 per cent | 4.49x |
|-----|--------------------------------------|-------|

Enhanced plus is a flexible mortgage proposition for higher income borrowers who fall outside standard criteria, offering increased affordability through higher income multiples and LTVs.

First Step is a first-time buyer mortgage designed to make homeownership more accessible by allowing purchases with a smaller deposit, offering up to 98% LTV subject to affordability checks.

With the implication of mortgage market review requirements under responsible lending, the Seller has introduced a compliant affordability model and reviewed the income sources it is prepared to accept. The Seller continues to obtain documentation of income in every case via a number of different options e.g. payslips, P60s, accounts, SA302s, auto income verification and bank statements. Expenditure is measured by combining ONS modelled expenditure for the Borrower taking into account specific tax and national insurance rates, marital status, number of dependents, geographic location and property type plus other expenditure such as maintenance, nursery care, rental costs, debts and tuition fees. The net effect of total gross income minus total modelled and non-modelled expenditure provides the net disposable income and this is then measured against a stressed monthly payment calculated on a capital and interest basis over the mortgage term requested at the prevailing Seller Standard Variable Rate plus any rate loading. Residential loan affordability assessments are currently conducted using a stress rate of 7.00 per cent. However, where the applicable fixed-rate product term is six years or longer, a stress rate of 6.00 per cent is applied.

Underwriting exception

On a case-by-case basis the Seller may have determined that, based upon compensating factors, an applicant that did not strictly qualify under its Lending Criteria at that time warranted an underwriting exception. Compensating factors may be considered including, but not limited to, a low LTV ratio, overall affordability position, high credit score and track record with the organisation. Any such exceptions would have been approved by a suitably qualified and experienced delegated mandate holder. All exceptions are closely monitored by credit risk and are reported monthly to the Seller's Credit Risk Committee.

The assessment of a Borrower's creditworthiness is conducted in accordance with the Lending Criteria and the assessment of each Borrower's creditworthiness meets the requirement as set out in SECN 2.2.11R(4)

Changes to the underwriting policies and Lending Criteria

The Seller may make changes to the underwriting policies and Lending Criteria in the future.

Any material change to the Lending Criteria after the date of this Prospectus which would affect the homogeneity (as determined in accordance with the UK Securitisation Framework, in particular, SECN 2.2.9R) of the Loans comprising the Portfolio or which would materially affect the overall credit risk or the expected average performance of the Portfolio will be disclosed (along with an explanation of the rationale for such changes being made) to investors by the Seller without undue delay.

Insurance Policies

(a) *Borrower's Insurance*

It is a condition of each Loan that each Borrower is to effect and maintain (at their own expense) a property insurance policy in an amount sufficient to recover the reinstatement value of the Property.

(b) *Other Insurances*

The Seller also has two block policies in place to cover the risk of the failure of a Borrower to maintain home insurance.

- (i) A block policy to cover the risk of the failure of a borrower to maintain buildings insurance; and
- (ii) a 'Lender's liabilities only' policy for specifically nominated premises where The Seller is aware that the borrower has no buildings insurance.

(c) *MIG Policy*

Loans having an original LTV greater than 80 per cent. may have the benefit of the MIG Policy issued by the MIG Provider for the Seller. Pursuant to the MIG Policy, in the event that a Borrower fails to make certain payments to the Seller under a relevant Loan, the MIG Provider must indemnify the Seller in an amount determined in accordance with the MIG Policy.

The Seller will (where available) make claims under the MIG Policy in accordance with the Seller's policies. In accordance with the terms of the Mortgage Sale Agreement, the Seller will, within two (2) Business Days of receipt, transfer any recoveries under the MIG Policy (the "**MIG Collections**") to the Transaction Account.

Arrears policy

Arrears and default of borrowers, debt restructuring, forbearance, losses, charge offs, recoveries and other asset performance remedies and actions are defined in accordance with the Seller's procedures and arrears and possession policies as they apply to the Loans from time to time.

Where the Seller identifies a Loan as being in arrears where any amount remains unpaid on its due payment date, the Borrower may then become subject to collection activity by the Servicer.

NBS communicates and attempts to communicate with the Borrower via reasonable communication channels whilst the account is not performing in accordance with the terms and conditions of the mortgage.

Where a Borrower engages with NBS several forbearance options are offered based upon a robust understanding of the individual circumstance to identify which forbearance option would be most appropriate to support a sustained recovery of the mortgage to performing status i.e. payments are brought up to date, or redemption in compliance with NBS regulatory and internal risk appetite.

Any actions taken ensure NBS complies with all regulatory requirements including the consumer duty as well as operating within its own risk appetite.

Procedure for Loans

The high-level process for borrowers in or perceived to be in financial difficulty is as follows:

(a) Pre-delinquency measures

The Servicer contacts Borrowers it believes are or could potentially be in financial difficulties based on credit reference data along with other indicators such as a change in Borrower behaviour or requests to delay mortgage payments. Support is provided to the Borrower which could include signposting help to free independent debt advice along with the provision of a budgeting support tool and benefit checking tool and other options it is felt the Borrower may benefit from.

- (b) Where a customer confirms they are or may be in financial difficulty they are referred to dedicated Mortgage support colleagues who provide options of support available based on the Borrower's individual circumstances to enable the Borrower to make an informed choice and to endeavour to agree a sustainable and affordable forbearance solution.

Forbearance options include but are not limited to:

- (i) changes of payment method and/or due date;
- (ii) allowing breathing space or stay of action;
- (iii) arrangement to pay;
- (iv) payment deferrals;
- (v) restructuring of the loan;
- (vi) temporary interest relief; and/or
- (vii) variation of interest rate.

There is flexibility within the policy to offer a bespoke or combination of solutions to account for individual vulnerabilities and circumstances of the customer.

- (c) If a Loan is in arrears the Seller will follow the following procedures:
 - (i) within seven days of a missed payment/payment shortfall telephone contact is attempted during the day via any contact telephone numbers held on the system for the Borrower;
 - (ii) the Borrower is also contacted by letter;
 - (iii) if the Borrower does not engage or no agreement has been achieved and the account becomes one month in arrears, arrears letters are issued;
 - (iv) the system identifies further defaults;
 - (v) further action is taken in the form of telephone and letters; and
 - (vi) cases that are at least two full months of payments outstanding, where no reasonable payment arrangement can be made, are given notice of intention to take legal proceedings.

- (d) Serious Arrears, Default and litigation

A Borrower may move to this stage if they have at least two full monthly payments or more outstanding or there is a breach of terms and conditions. At this stage:

- (i) a further letter may be sent to the Borrower advising that unless a payment to clear the arrears or satisfactory proposals are received within twenty one calendar days and once the account is considered to be in default (defined as being three months or more in arrears or in breach of terms or conditions) the Seller may instruct solicitors;
- (ii) if attempts to make a suitable arrangement with the Borrower have been unsuccessful, repeated attempts may be made or solicitors may be instructed to commence proceedings where such attempts are unsuccessful;
- (iii) a possession order and monetary judgement or decree is obtained; and the possession order is enforced if further default occurs and it is considered unlikely that the Borrower will be

able to satisfy their mortgage obligations where all other reasonable attempts to resolve the position have failed.

(e) Losses and write offs

The Servicer follows the following recovery procedure when facing a loss following possession or sale of a mortgaged property.

- (i) the Borrower will be notified of the amount owed, the Servicer's intention to recover the debt and request the Borrower provide a proposal for repayment.
- (ii) if repayment plans can be agreed based upon an assessment of the Borrowers individual circumstances, the Servicer will monitor payments and provide the borrower with regular statements
- (iii) where payments are not made as agreed the Servicer may take further action including enforcement of any existing money judgement in place or seek recovery via alternative legal means.
- (iv) following a further review of the case the Servicer may come to a commercial decision not to pursue a shortfall and the debt may be written off.
- (v) debt write-off will only apply in the case of shortfall debt, following the sale of the property or in other exceptional circumstances agreed within mandate including but not limited to:
 - a) full payment being received.
 - b) a full and final settlement being agreed and made.
 - c) Senior management acceptance and approval that there are no further economic means of recovery
 - d) in exceptional cases, requiring Head of Mortgage support approval (for example in some vulnerable situations where it is deemed appropriate)
 - e) cases outside of Statute Barred limitations.
 - f) any continued recovery attempts would cause the Servicer reputational damage (senior manager approval required)
 - g) bankruptcy or other legal instrument which prevents recovery of the debt

Selection of the Portfolio

The Loans in the Portfolio were selected using a random selection process from the mortgage loans in the Seller's mortgage book which would meet the warranties set out in "*Sale of the Portfolio under the Mortgage Sale Agreement – Mortgage Sale Agreement – Representations and Warranties*" on the Closing Date.

Under the terms of the Risk Retention Letter, the Seller will confirm that:

- (a) the Loans have not been selected to be sold to the Issuer with the aim of rendering losses on the Loans sold to the Issuer, measured over a period of four years, higher than the losses over the same period on comparable assets held on the balance sheet of NBS; and
- (b) it has applied to each Loan the same sound and well-defined criteria for credit-granting as applied to all other mortgage loans originated by it. The same clearly established processes for approving and, where relevant, amending, renewing and refinancing the Loans also apply to all other mortgage loans originated by NBS.

Other characteristics

All Loans in the Portfolio are homogenous for the purposes of the UK Securitisation Framework, in particular, SECN 2.2.9R, on the basis that all such Loans: (a) have been underwritten by the Seller or an affiliate of the Seller in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (b) are Repayment Loans, Interest Only Loans, and Part and Part Loans which have been entered into substantially on the terms of similar standard documentation for residential mortgage loans; (c) are serviced by the Servicer pursuant to the Servicing Agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from the loans; and (d) form one asset category, namely residential loans with full recourse to Borrowers secured with one or several mortgages on residential immovable property in England, Wales, and Scotland.

The Loans do not include any transferable securities, any securitisation positions or any derivatives, in each case on the basis that the Loans have been entered into substantially on the terms of similar standard documentation for residential mortgage loans. The Loans comprised in the Portfolio will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay.

The Loans do not include: (i) any Loans that, at the time of origination, were marketed and underwritten on the premise that the Loan applicant or, where applicable, intermediaries were made aware that the information provided by the Loan applicant might not be verified by the Seller or an affiliate of the Seller; or (ii) at the time of selection for inclusion in the portfolio any exposures in default within the meaning of Article 178(1) of the UK CRR.

For the purposes of Article 243 of the UK CRR, at the time of inclusion in the Transaction each Loan has a standardised risk weight equal to or smaller than 40 per cent. on an exposure value-weighted average basis for the Portfolio as such terms are described in Article 243 of the UK CRR.

The administrative records of the Seller do contain information related to the environmental performance of certain Mortgaged Properties. Where such information is available to the Seller, the Seller will disclose such information in accordance with SECN 2.2.28R.

SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT

Mortgage Sale Agreement

The following section contains an overview of the material terms of the Mortgage Sale Agreement. The overview does not purport to be complete and is subject to the provisions of the Mortgage Sale Agreement.

The Portfolio

Pursuant to the terms of the Mortgage Sale Agreement, the Seller will sell its interest in a portfolio of Loans and their associated mortgages (the "**Mortgages**" and, together with the other security for the Loans, the "**Related Security**") and all moneys derived therefrom from time to time (collectively referred to herein as the "**Portfolio**") to the Issuer on the Closing Date. For the avoidance of doubt, the Portfolio will not include any Loans where a further advance has been made by the Seller to the Borrower from (but excluding) the Provisional Cut-Off Date to (and including) the Closing Date. The consideration due to the Seller in respect of the Portfolio will be the aggregate of:

- (a) £383,060,002.39 as Consideration; and
- (b) an obligation of the Issuer to pay, at a later date, the Deferred Consideration in respect of the sale of the Portfolio.

The sale by the Seller to the Issuer of Loans in the Portfolio (including pursuant to a substitution, as described below) will be given effect to by an equitable assignment. The sale of the Scottish Loans and their Related Security to the Issuer will be given effect by Scottish Declarations of Trust by the Seller.

Any Deferred Consideration will be paid to the Seller in accordance with the Pre-Enforcement Revenue Priority of Payments or, if applicable, the Post-Enforcement Priority of Payments.

The Issuer shall, subject to the satisfaction of certain conditions, purchase Further Advances made by the Seller under a Loan.

MIG Loans

Loans having an original LTV greater than 80 per cent. may, prior to their sale pursuant to the terms of the Mortgage Sale Agreement, have had the benefit of the MIG Policy issued by the MIG Provider. Pursuant to the MIG Policy, in the event that a Borrower fails to make certain payments under a Loan to the Seller, the Seller remains entitled to be indemnified by the MIG Provider in an amount determined in accordance with the MIG Policy. The Seller will agree (where available) to bring a claim under the MIG Policy in accordance with the Seller's then policies and will undertake in the Mortgage Sale Agreement to pay an amount equal to any such MIG Collections (if any) received by it in relation to any MIG Loans in the Portfolio to the Transaction Account within two (2) Business Days of such receipt.

Perfection Trigger Events

The English Loans will be sold by the Seller to the Issuer by way of equitable assignment. The Scottish Loans will be sold by the Seller to the Issuer by way of Scottish Declaration of Trust under which the beneficiary's interest in such trust will be vested in the Issuer. In relation to the Scottish Loans, references in this document to a "sale" or "equitable assignment" of Loans or Loans having been "sold" are to be read as references to the making of such Scottish Declaration of Trust. Such beneficiary's interest (as opposed to the legal title) cannot be registered or recorded in the Registers of Scotland. As a result, legal title to the Loans and their Related Security will remain with the Seller until legal assignments (in relation to English Loans) or assignments (in relation to Scottish Loans) are delivered by the Seller to the Issuer and notice of the sale is given by the Seller to the Borrowers and, in respect of the Mortgages, such assignments or assignments are registered at the Land Registry or Registers of Scotland. Legal assignment or assignment (as appropriate) of the Loans and their Related Security (including, where appropriate, their registration or recording in the relevant property register) to the Issuer will be deferred and will only take place in the limited circumstances described below.

Pursuant to the terms of the Mortgage Sale Agreement, the Issuer may, by notice in writing (a "**Perfection Notice**") to the Seller (with a copy to the Trustee), require the Seller to complete the transfer, by way of assignment or, in relation to Scottish Loans, assignment, to the Issuer of the Loans and Related Security

(and, where appropriate, their registration or recording in the relevant property register) as soon as reasonably practicable following the delivery of the Perfection Notice following the occurrence of any of the following events (each, a "**Perfection Trigger Event**"):

(a) a "**Seller Insolvency Event**", as follows:

- (i) the Seller becomes insolvent or is deemed unable to pay its debts as and when they fall due within the meaning of Section 123(1)(a) of the Insolvency Act (on the basis that the reference in such section to £750 was read as a reference to £10 million), Sections 123(1)(b), (d) and (e), and Section 123(1)(c) of the Insolvency Act (on the basis that the words "for a sum exceeding £10 million" were inserted after the words "extract registered bond" and "extract registered protest") or applies for or consents to or suffers the appointment of a liquidator or receiver or administrator or building society liquidator or building society special administrator or similar officer over the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors generally or a distress, execution or diligence or other process is enforced upon the whole or any substantial part of its undertaking or assets and is not discharged within 60 calendar days); or
- (ii) an order is made or an effective resolution is passed for the winding-up of the Seller, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction (a) with or by any of its subsidiaries or (b) the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; or
- (iii) if the Seller (otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (ii) above), ceases or, through an authorised action of its board of directors, threatens to cease to carry on all or substantially all of its business or its mortgage administration business,

except in the case of the events described in paragraphs (ii) to (iii) above occurring for the purposes of or pursuant to a Permitted Transfer, as defined below;

- (b) the occurrence of a Severe Credit Quality Deterioration Event (if the Seller determines, as at any date, that its CET1 Ratio has fallen below 7 per cent. as further described in the definition of the same);
- (c) the Seller defaults in the performance or observance of any of its other obligations under the Transaction Documents, including failure to repurchase any Loan under the Mortgage Sale Agreement, and such default continues unremedied for longer than the remedy period permitted by the relevant Transaction Documents;
- (d) an Enforcement Notice has been served following the occurrence of an Event of Default;
- (e) the Seller is required to perfect the Issuer's legal title to the Loans or their Related Security by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Seller or by any organisation of which the Seller is a member, or it becomes necessary by law or regulation to perfect the Issuer's legal title;
- (f) the security created under or pursuant to the Deed of Charge or any material part of that security is, in the opinion of the Trustee, in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy;
- (g) the termination of the appointment of the Servicer arising from the occurrence of a Servicer Termination Event; or
- (h) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Mortgage in the Portfolio.

"Permitted Transfer" means:

- (a) an amalgamation of the Seller and one or more other building societies under section 93 of the Building Societies Act;
- (b) a transfer by the Seller of all or substantially all of its engagements (being 90 per cent. or more of the Issuer's engagements including its obligations under the Trust Deed and the Agency Agreement) or (on terms which have previously been approved by an Extraordinary Resolution of the Most Senior Class of Noteholders) any smaller part of its engagements, in both cases under section 94 of the Building Societies Act;
- (c) a transfer by the Seller of its business to a company under sections 97 to 102D of the Building Societies Act (including any transfer of business to a subsidiary of another mutual society pursuant to section 97 of the Building Societies Act (as modified by the Mutual Societies (Transfers) Order 2009 made under section 3 of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007) (the **"Funding and Mutual Societies Transfers Act"**) or any other order made in the future by HM Treasury under section 3 of the Funding and Mutual Societies Transfers Act);
- (d) an alteration in the status of the Seller 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 that of an institution authorised under the FSMA or to a body which is regulated on a similar basis to an institution authorised under the FSMA; or
- (e) any other reconstruction or amalgamation or transfer, in each case the terms of which have previously been approved by an Extraordinary Resolution of the Most Senior Class of Noteholders.

"CET1 Ratio" means the ratio (expressed as a percentage) of Common Equity Tier 1 as at such date to the Risk Weighted Assets as at the same date, in each case calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis.

"Common Equity Tier 1" means, as at any date, the sum of all amounts that constitute common equity tier 1 capital of the Seller as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing Capital Requirements Regulation but without taking into account any transitional, phasing-in or similar provisions.

"Risk Weighted Assets" means, as at any date, the aggregate amount of the risk weighted assets of the Seller as at such date, as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing Capital Requirements Regulation.

The Title Information Documents and Loan Files relating to the Portfolio are currently held by or to the order of the Seller. The Seller has undertaken that, until perfection of the assignments and assignations contemplated by the Mortgage Sale Agreement, all the Title Information Documents and Loan Files relating to the Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Issuer or as the Issuer directs.

Neither the Trustee nor the Issuer has made or will make or has caused to be made or will cause to be made on its behalf any enquiries, searches or investigations in relation to the Portfolio, but each is relying entirely on the representations and warranties to be given by the Seller contained in the Mortgage Sale Agreement.

Representations and Warranties

Except as stated otherwise, the Seller will give the following representations and warranties in the Mortgage Sale Agreement, with respect to itself, the Loans originated by it and their Related Security, to the Issuer and the Trustee on the Closing Date and, in respect of any Further Advance, on the last calendar day of each month during which an Advance Date has occurred (the **"Loan Warranties"**):

- (a) the particulars of the Loans set out in the Mortgage Sale Agreement and each Scottish Declaration of Trust are true, complete and accurate in all material respects as at the Closing Date;

- (b) each Loan was originated by the Seller as principal in the ordinary course of business and was originated, and is denominated, in Sterling;
- (c) each Loan was originated by and made by the Seller on its own account pursuant to underwriting standards that are no less stringent than those the Seller applied at the time of origination to similar exposures that are not included in the Portfolio;
- (d) no Loan sold by the Seller had, at the time of such sale, a Current Balance of more than £1,000,000;
- (e) prior to the making of each Initial Advance and any Further Advance in respect of each Loan, the Lending Criteria of the Seller and all preconditions to the making of any Loan were satisfied in all material respects subject only to such exceptions as are made on a case-by-case basis and which would be acceptable to a Prudent Mortgage Lender;
- (f) to the best of the Sellers knowledge and subject to completion of any registration or recording which may be pending at the Land Registry and the Registers of Scotland, the Seller is the absolute unencumbered legal and beneficial owner of the Loans, their Related Security and all property to be sold and assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement, and the Loans and their Related Security are not subject, either totally or partially, to any lien, assignment (whether by way of absolute assignment or assignation or by way of security only), charge or pledge to any third parties or are otherwise in a condition that could be foreseen to adversely affect the enforceability of the sale to the Issuer;
- (g) each Loan was made and its Related Security taken or received on the terms of the Standard Documentation of the Seller without any material variation thereto and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect subject only to such exceptions as are made on a case by case basis and which would be acceptable to a Prudent Mortgage Lender;
- (h) each Loan has been entered into by the Seller and the relevant Borrower in accordance with all applicable laws to the extent that failure to comply with those laws would have a material adverse effect on the enforceability or the collectability of that Loan or its Related Security;
- (i) the Seller has full recourse to the relevant Borrower under the relevant Loan;
- (j) no Loan includes any securitisation position;
- (k) the Current Balance on each Loan and its Related Security constitutes a valid debt due to the Seller from the relevant Borrower and the terms of each Loan and its Related Security constitute legal, valid, binding and enforceable obligations of the Borrower and each Loan and its Related Security is non-cancellable (except that (i) the Seller makes no representation as to the fairness or otherwise of terms which relate to its ability to vary the rate of interest; (ii) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies and, for the avoidance of doubt, such laws include but are not limited to, the Unfair Terms in Consumer Contracts Regulations 1994, the Unfair Terms in Consumer Contracts Regulations 1999 and the Unfair Contract Terms Act 1977 and the Consumer Rights Act 2015; and (iii) this representation shall not apply in respect of any early repayment charges or redemption fees);
- (l) no Loan is considered by the Seller as being in default within the meaning of Article 178(1) of the UK CRR, as further specified by the commission delegated regulation (EU) 2018/171 on the materiality threshold for credit obligations past due (as it forms part of the current domestic law of the UK by virtue of the EUWA) developed in accordance with Article 178 of the UK CRR;
- (m) interest on each Loan is and has at all times been charged and paid by the relevant Borrower in accordance with the provisions of the Standard Documentation of the Seller;
- (n) so far as the Seller is aware (i) no Loan is a Loan to a Borrower who is a "credit impaired debtor" as described in the UK Securitisation Framework, in particular, SECN 2.2.12R, and, in each case, in accordance with any official guidance issued in relation thereto; (ii) no non-appealable right of enforcement has been made against any Borrower as a result of a missed payment within 3 years before the date of origination of such Loan; (iii) no Borrower has undergone a debt restructuring

process with regard to its non-performing exposures within three years before the date of transfer of such underlying exposures to the Issuer; (iv) no bankruptcy order (or Scottish equivalent) has been made against any Borrower and no Borrower has applied for an individual voluntary arrangement or had a county court judgement (or Scottish equivalents) entered against them in the period 6 years immediately prior to the point of origination of the relevant Loan; (v) no Borrower was registered on any public credit registry of persons with adverse credit history at the point of origination of the relevant Loan; and (vi) following all applicable credit assessments by the Seller, no Borrower had a credit score indicating that its risk of non-payment under its Loan was higher than for comparable exposures held by the Seller which are not securitised;

- (o) every person who, at the date upon which an English Mortgage was granted, and was in or about to be in actual occupation of the relevant property, other than where the Seller has acted as a Prudent Mortgage Lender in respect of owner occupied mortgage loans in making such Loan, is either named as a Borrower or has signed a deed of consent in the form of the *pro forma* contained in the Standard Documentation and, in relation to each Scottish Mortgage, all necessary MH/CP Documentation has been obtained so as to ensure that neither the relevant Mortgaged Property nor the relevant Mortgage is subject to or affected by any statutory right of occupancy under the Acts referred to in the MH/CP Documentation that adversely affects the rights of the creditor under the relevant Mortgage;
- (p) each Loan is: (i) a regulated mortgage contract as defined in Article 61(3)(a) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and subject to the provisions of MCOB and the Seller has complied with its obligations under the FSMA (including without limitation, MCOB) in connection with the origination and administration of such Loan; or (ii) is otherwise exempt from the regulation under FSMA and the CCA;
- (q) all of the Borrowers are individuals and were aged 18 years or older at the date of entering into the relevant Loan and its Related Security and the identity of each Borrower has been verified by the Seller in accordance with procedures which would be acceptable to a Prudent Mortgage Lender;
- (r) the whole of the Current Balance on each Loan and all further advances made prior to the Closing Date or prior to the Advance Date in respect of Further Advances, and interest, fees, costs, expenses and any other amounts payable under or in respect of such Loan are secured by a Mortgage over a residential property;
- (s) each Mortgage constitutes a valid and subsisting first ranking charge by way of legal mortgage or standard security over the relevant Mortgaged Property;
- (t) each Loan is payable on a monthly basis and at least one monthly payment has been made in respect of each Loan;
- (u) each Mortgage has first priority for the whole of the Current Balance on the Loan and interest on such Current Balance and all fees, costs, expenses and other amounts payable under or in respect of such Loan or Mortgage;
- (v) all of the Mortgaged Properties are residential properties situated in England or Wales or Scotland;
- (w) each Mortgaged Property is either freehold, heritable, long leasehold, leasehold or commonhold;
- (x) in respect of each Loan secured on leasehold Mortgaged Property, the relevant leasehold interest had, as at the date when the Loan was originated, an unexpired term left to run of not less than 30 years after the maturity of the relevant Loan;
- (y) each Borrower has a good, valid and marketable title to the Mortgaged Property free from any encumbrance which:
 - (i) would materially adversely affect such title; and
 - (ii) a Prudent Mortgage Lender would regard as unacceptable for security purposes;
- (z) prior to the granting of each Mortgage, the Seller received a Valuation Report from a Valuer on the relevant Mortgaged Property (or such other form of valuation as would be acceptable to a

Prudent Mortgage Lender), the contents of which were such as would be acceptable to a Prudent Mortgage Lender;

(aa) prior to the inception of each Mortgage (except in the case of a remortgage or a Further Advance), the Seller:

(i) instructed its solicitor or licensed (or in Scotland, qualified) conveyancer to carry out an investigation of title to the relevant Mortgaged Property and to undertake such other searches, investigation, enquiries and other actions on behalf of the Seller as are set out in the instructions which the Seller issued to the relevant solicitor, licensed conveyancer or qualified conveyancer as are set out in the UK Finance Mortgage Lenders' Handbook for England and Wales and the UK Finance Mortgage Lenders' Handbook for Scotland (or such comparable, predecessor or successor instructions and/or guidelines as may for the time being be in place), subject only to such variations as would have been acceptable to a Prudent Mortgage Lender at the relevant time; and

(ii) received a report on title from the solicitor or licensed (or qualified) conveyancer in paragraph (i) above, relating to such Mortgaged Property the contents of which were such as would have been acceptable to a Prudent Mortgage Lender at that time;

(bb) as far as the Seller is aware, each Mortgaged Property was at the time of inception of the Mortgage required to be insured to an amount not less than the full reinstatement cost as determined by the relevant valuer under:

(i) a Buildings Insurance Policy arranged by the Borrower in accordance with the Mortgage Conditions; or

(ii) with respect to leasehold Mortgaged Properties, a Buildings Insurance Policy arranged by the relevant landlord,

and in all cases: (A) against risks usually covered by a comprehensive building insurance policy; and (B) the Seller has received no notice from the Borrower that any Mortgaged Property has ceased to be insured;

(cc) immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration or recording at the Land Registry or the Registers of Scotland (as applicable), the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be sold and/or assigned by the Seller to the Issuer (or to be held on trust for the Issuer pursuant to a Scottish Declaration of Trust) free and clear of all Security, claims and equities (including, without limitation, rights of set-off or counterclaim);

(dd) as far as the Seller is aware, all steps necessary to perfect the Seller's title to the Loans and the Related Security were duly taken at the appropriate time or are in the process of being taken, in each case (where relevant) within any applicable priority periods or time limits for registration or recording with all due diligence and without undue delay;

(ee) save for Title Deeds held at the Land Registry or Registers of Scotland (as applicable) and Title Deeds existing in dematerialised forms, Title Deeds relating to each of the Loans and their Related Security are held by, or are under the control of the Seller, the Servicer or the Seller's solicitors, licensed (or qualified) conveyancers to the order of the Seller;

(ff) there is no restriction on the assignment or assignation of the Loans and their Related Security and the Seller may freely assign and enter into trust arrangements in respect of all its rights, title, interests and benefits therein as contemplated in the Mortgage Sale Agreement without breaching any term or condition applying to any of them;

(gg) the Seller has not knowingly waived or acquiesced in any breach of any of its rights in respect of a Loan, Mortgage or its Related Security, other than waivers and acquiescence such as a Prudent Mortgage Lender might make;

(hh) the Seller has, since the making of each Loan, kept or procured the keeping of full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and

notices relating to such Loan and all such accounts, books and records are up to date and in the possession of the Seller or held to its order;

- (ii) neither the Seller nor any of its agents has received written notice of any litigation or dispute (subsisting, threatened or pending) in respect of any Borrower, a Mortgaged Property, Loan, Related Security or Insurance Policy which (if adversely determined) might have a material adverse effect on the value of any Loan;
- (jj) there are no governmental authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or perform its obligations under the Mortgage Sale Agreement to render the Mortgage Sale Agreement legal, valid, binding, enforceable and admissible in evidence and, with the exception of sending notification of assignment to the Borrowers, all formal approvals, consents and other steps necessary to permit a legal transfer of the Loans and their Related Security to be sold under the Mortgage Sale Agreement have been obtained or taken;
- (kk) the Seller is and has been in material compliance with the requirements of MCOB in so far as they apply to any of the Loans, Related Security or Insurance Policies at all relevant times, and the Seller has at all relevant times held all authorisations, approvals, licenses, consents and orders required by it under the FSMA in connection with the Loans, Related Security and Insurance Policies;
- (ll) no Loan is a second charge loan, a right to buy loan, a London Interbank Offered Rate loan, a guarantor loan, a construction loan or a commercial loan;
- (mm) no Property has been let or sub-let otherwise than by way of: (a) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1988; (b) an assured tenancy; (c) a private residential tenancy which meets the requirements of the Private Housing (Tenancies) (Scotland) Act 2016 or (d) any other tenancy which could be acceptable to a Prudent Mortgage Lender;
- (nn) the Loans sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement are "financial assets" as defined in (i) United Kingdom Financial Reporting Standard 102 (FRS 102) (if the Issuer prepares its statutory individual entity financial statements for the period in which such acquisition occurs in accordance with FRS 102); or (ii) International Accounting Standard 32 (IAS 32) (if the Issuer prepares its statutory individual entity financial statements for the period in which such acquisition occurs in accordance with IAS 32);
- (oo) no Related Security or Ancillary Right in respect of a Loan is stock or a marketable security (as such terms are defined for the purposes of section 122 of the Stamp Act 1891), a chargeable security (as such term is defined for the purposes of section 99 of the Finance Act 1986) or a "chargeable interest" (as such term is defined for the purposes of section 48 of the Finance Act 2003, Section 4 of the Land and Building Transaction Tax (Scotland) Act 2013 and Section 4(1) of the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Act 2017 as appropriate;
- (pp) no Loan is a consumer credit back book mortgage contract within the meaning of article 2 of the Mortgage Credit Directive Order;
- (qq) each Loan was originated and has been administered in all material respects in accordance with: (i) all applicable laws and regulations in force at the time of origination, including but not limited to FSMA (and if applicable the CCA) and all subordinate legislation made under those Acts, and (ii) all applicable FCA rules or those of its predecessor;
- (rr) all brokers or third-parties engaged by the Seller in connection with the brokering, arranging or origination of any Loan were, at the relevant time, duly authorised, licensed or otherwise permitted under all applicable laws and regulatory requirements to carry on such activities, and the Seller had in place contractual arrangements requiring such persons to comply with all applicable laws, regulations, regulatory rules and guidance in connection with the activities for which they were engaged;
- (ss) so far as the Seller is aware none of the terms in any Loan or in its Related Security are unfair within the meaning of any applicable consumer protection legislation, including the UTCCR or

CRA and no injunction or interdict has been granted by the court pursuant to any such consumer protection legislation, including the UTCCR or the CRA, which might prevent or restrict the use in a Loan document of any particular term, the enforcement of any such term or the enforcement of any Loan; and

(tt) no Loan has an indexed LTV greater than 100 per cent. as at the Closing Date.

In respect of Product Switches, the representations and warranties set out at paragraphs (d), (e), (f), (i), (j), and (k) are given on the relevant Switch Date (the "**Product Switch Warranties**"),

For the purposes of this section and where used elsewhere in this Prospectus, the following words shall have the meanings set out below:

"Buildings Insurance Policies" means all buildings insurance policies relating to Properties taken out (a) in the name of the relevant Borrower and (b) in the name of the landlord in the case of leasehold Properties where the relevant landlord is responsible for insuring the Property.

"Valuation Report" means the valuation report or reports for mortgage purposes obtained by the Seller from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender and which has been approved by the relevant officers of the Seller.

Repurchase by the Seller

The Seller has agreed in the Mortgage Sale Agreement to repurchase any of the Loans together with their Related Security sold by it to the Issuer in the circumstances described below, subject to the Issuer being capable of meeting its obligations to pay any amount due under the Swap Agreement in respect of any Additional Termination Event in connection with such disposal. The Seller does not have any discretionary rights of repurchase.

If any of the Loan Warranties given by the Seller are materially breached in respect of any Loan and/or its Related Security or any Loan Warranty proves to be materially untrue as at the Closing Date and this (where capable of remedy) has not been remedied within 30 Business Days of receipt by the Seller of notice from the Issuer in relation thereto, the Seller will, upon receipt of a further notice from the Issuer, purchase such Loan and its Related Security from the Issuer no later than 30 calendar days after the date on which such notice was given. Consideration for such repurchase shall be provided by payment in cash the cash payment amount, equals at least the Current Balance(s) of the Loan(s) subject to repurchase.

A Loan and its Related Security may also be repurchased in certain circumstances where a Product Switch, Further Advance or, substitution is made. See "*Product Switches and Further Advances*" below.

Pursuant to the terms of the Mortgage Sale Agreement, if any of the Loan Warranties given by the Seller are materially breached in respect of any Loan and/or its Related Security or any Loan Warranty proves to be materially untrue as at the Closing Date, the Seller must notify the Issuer and (following the service of an Enforcement Notice) the Trustee as soon as the Seller becomes aware of such breach.

The Seller's rights and obligations to sell Loans and their Related Security to the Issuer and/or repurchase the Loans and their Related Security from the Issuer pursuant to the Mortgage Sale Agreement, do not constitute active portfolio management for the purposes of the UK Securitisation Framework, in particular, SECN 2.2.8R.

Product Switches and Further Advances

Under the Mortgage Sale Agreement, the Issuer has agreed that the Seller or the Servicer (on behalf of the Seller) may make an offer to any Borrower for a Further Advance. If a Borrower requests, or the Seller or the Servicer (on behalf of the Seller) offers, a Further Advance under a Loan, the Seller or the Servicer (on behalf of the Seller) will be solely responsible for offering, documenting and funding that Further Advance. Any Further Advance made to a Borrower will be purchased by the Issuer on the date the Seller makes such Further Advance to a Borrower (the "**Advance Date**").

The Seller must, in relation to the Loan which is subject to the Further Advance, give the Loan Warranties set out in the Mortgage Sale Agreement on the last calendar day of each month in which an Advance Date

has occurred. Further, the Issuer must pay the Further Advance Purchase Price to the Seller on the Interest Payment Date following the end of the Collection Period during which the relevant Advance Date has occurred, to the extent that the Issuer has sufficient Principal Receipts. The purchase price for the relevant Further Advance shall be an amount equal to the Current Balance of the Further Advance as at the Advance Date (the "**Further Advance Purchase Price**") and will be paid from Principal Receipts, which (if there are sufficient funds available to do so) the Cash Manager (acting on the instruction of the Issuer) shall withdraw from the Principal Ledger of the Transaction Account and apply to the payment of the Further Advance Purchase Price on the relevant Interest Payment Date. The Cash Manager will apply such amounts prior to the application of Available Principal Receipts in accordance with the applicable Pre-Enforcement Principal Priority of Payments.

The Seller or the Servicer (on behalf of the Seller) is obliged to serve a notice (the "**Notice of Non-Satisfaction of Further Advance Conditions**") on the Issuer if at any time following the Advance Date they have identified (beyond a reasonable doubt) but in any case on or before close of business on the Calculation Date following the end of the Collection Period during which the Advance Date has occurred, that all or some of the following conditions (the "**Further Advance Conditions**") have not been satisfied in relation to a Further Advance on the relevant Advance Date:

- (a) the Advance Date falls before the Step-Up Date;
- (b) the Loan the subject of a Further Advance does not have a new maturity date which is later than the date which is two years prior to the Final Maturity Date;
- (c) no Event of Default has occurred and is continuing;
- (d) no Seller Insolvency Event has occurred;
- (e) no Servicer Insolvency Event has occurred;
- (f) no debit entries are recorded on the Class A Principal Deficiency Sub-Ledger;
- (g) the purchase of the Further Advance will not result in the aggregate principal balance outstanding of all Further Advances purchased by the Issuer exceeding 5 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date;
- (h) the purchase of the Further Advance will not result in the weighted average current LTV of all Loans (including the relevant Further Advance), to exceed 80 per cent.;
- (i) the current LTV of the Loan to which the Further Advance relates is less than or equal to 95 per cent.;
- (j) the level of arrears over the three months immediately preceding the Advance Date do not exceed 5 per cent. of the Current Balance of all Loans in the portfolio;
- (k) the aggregate Current Balance of all Loans that are Interest Only Loans does not exceed 20 per cent. of the Current Balance of all Loans in the portfolio;
- (l) each Loan and its Related Security which is the subject of the Further Advance complies, as at the last calendar day in each month during which an Advance Date has occurred, with the Loan Warranties; and
- (m) the General Reserve Fund is at the General Reserve Required Amount.

Each Loan which is the subject of a Further Advance and, following such Further Advance, becomes a Fixed Rate Loan, will be included in respect of a calculation period of the Fixed Rate Swap Transaction occurring immediately after the date on which such Further Advance is made, (i) for the purposes of determining the notional amount in respect of the such calculation period in accordance with the terms of the Fixed Rate Swap Transaction and (ii) fixed rate of the Fixed Rate Swap Transaction (being the weighted average interest rate (by current balance) applicable on the Relevant Fixed Rate Loans) in respect of such calculation period.

If, by close of business on a Calculation Date following the end of the Collection Period during which the Advance Date has occurred, the Seller or the Servicer (on behalf of the Seller) determine that:

- (a) a Notice of Non-Satisfaction of Further Advance Conditions has been given by the Seller to the Issuer and is yet to be revoked by the Seller;
- (b) any of the Loan Warranties made by the Seller on the last calendar day of the month in which such Advance Date occurred, in respect of any Loan originated by the Seller subject to a Further Advance during such month, were materially untrue as at such date;
- (c) any of the other Further Advance Conditions were in fact not satisfied in relation to a Further Advance on the relevant Advance Date:
 - (i) despite no Notice of Non-Satisfaction of Further Advance Conditions having been given by the Seller to the Issuer; or
 - (ii) where a Notice of Non-Satisfaction of Further Advance Conditions was given but was revoked by the Seller; or
- (d) there will be insufficient amounts available to the Issuer to pay the Further Advance Purchase Price on the relevant Interest Payment Date,

the Issuer will deliver a Loan Repurchase Notice to the Seller. The Seller will, upon receipt of a Loan Repurchase Notice from the Issuer, and provided that the circumstances giving rise to the relevant Loan Repurchase Notice continue to apply on such date, repurchase the entire Loan and its Related Security (including, for the avoidance of doubt, the Further Advance) from the Issuer on the next Interest Payment Date following receipt by the Seller of the Loan Repurchase Notice. Consideration for such repurchase shall be provided by payment in cash such that the cash payment amount equals at least the Current Balance(s) of the Loan(s) subject to repurchase.

On each Interest Payment Date, the aggregate amount of consideration that may be payable by the Seller to the Issuer in connection with the repurchase of the relevant Loans as described immediately above will be set off against the aggregate amount of the Further Advance Purchase Price that may be payable by the Issuer to the Seller on such date.

Neither the Seller nor the Servicer (as applicable) shall be permitted to issue any offer for a Further Advance to any Borrower with a Loan which is delinquent or which is in default.

If a Further Advance relating to a Scottish Loan is purchased by the Issuer, the Seller will, at the request of the Issuer (but only to the extent that such Further Advance isn't already, automatically held within an existing Scottish Declaration of Trust), grant a Scottish Declaration of Trust in favour of the Issuer in respect of such Further Advance.

Where used in this Prospectus, the following terms have the following meanings:

"Further Advance" means, in relation to a Loan, any advance of further money after the Closing Date following a request from an existing Borrower following the making of the Loan which is secured by the same Property as the Loan where the Seller has a discretion as to whether to accept that request, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.

"Monthly Payment" means, in respect of a Loan, the amount which the relevant Mortgage Conditions require a Borrower to pay on each Monthly Payment Day in respect of such Loan.

"Monthly Payment Day" means the date in each month on which interest (and principal in relation to a repayment mortgage) is due to be paid by a Borrower on a Loan under the applicable Mortgage Conditions or, if any such day is not a Business Day, the next following Business Day.

A Loan will be subject to a **"Product Switch"** if there is any variation of the financial terms and conditions of the Loan other than:

- (a) an addition or a release of a party to the Loan;

- (b) any variation agreed with a Borrower to control or manage arrears on the Loan;
 - (c) any variation in the rate of interest payable (i) as a result of any variation in SVR or other applicable floating rates or (ii) where the terms of the Loan change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Loan otherwise change the interest rate payable;
 - (d) any variation imposed by statute; and
 - (e) any variation of a Loan from a Repayment Loan to an Interest Only Loan or *vice versa*,
- each a "**Permitted Variation**".

Such Permitted Variations may be made to the Loans without the requirement for the Seller to obtain any further consent or comply with any further condition.

The Seller or the Servicer (on behalf of the Seller) may offer a Borrower (and the Borrower may accept), or a Borrower may request, a Product Switch. If a Borrower requests, or the Seller or the Servicer (on behalf of the Seller) offers, a Product Switch under a Loan, the Seller or the Servicer (on behalf of the Seller) will be solely responsible for offering and documenting that Product Switch and such Product Switch shall be effective from the date stated in the relevant request or offer (the "**Switch Date**").

The Seller must, in relation to the Loan which is subject to a Product Switch, give the Product Switch Warranties on the relevant Switch Date. "**Product Switch Warranties**" means in respect of a Loan the subject of a Product Switch, the representations and warranties set out at paragraphs (d), (e), (f), (i), (j), and (k).

Any Loan which has been subject to a Product Switch will remain in the Portfolio unless the Seller has given a Notice of Non-Satisfaction of Product Switch Conditions. The Seller or the Servicer (on behalf of the Seller) is obliged to serve a notice (the "**Notice of Non-Satisfaction of Product Switch Conditions**") on the Issuer if at any time they have identified (beyond a reasonable doubt), but in any case on or before close of business on the Calculation Date following the end of the Collection Period during which the Switch Date has occurred, that all or some of the following conditions (the "**Product Switch Conditions**") have not been satisfied in relation to a Product Switch on the relevant Switch Date:

- (a) the Switch Date falls before the Step-Up Date;
- (b) where the Loan the subject of a Product Switch contains a new fixed rate, the last day of any such new fixed rate period of that Loan is not later than five years after the Step-Up Date;
- (c) the Loan the subject of a Product Switch does not have a new maturity date which is later than the date which is two years prior to the Final Maturity Date;
- (d) no Event of Default has occurred and is continuing;
- (e) no Seller Insolvency Event has occurred;
- (f) no Servicer Insolvency Event has occurred;
- (g) the Product Switch will be effected by such means as would be adopted by the Seller, for the purpose of ensuring the validity and priority of the Loan, were such switch in respect of a loan advanced by the Seller which is not part of the Portfolio;
- (h) the Product Switch will be similar to switches offered to the Seller's mortgage borrowers whose mortgage loans do not form part of the Portfolio;
- (i) the level of arrears over the three months immediately preceding the Switch Date do not exceed 5 per cent. of the Current Balance of all Loans in the portfolio;
- (j) each Loan and its Related Security which is the subject of a Product Switch complies with the Product Switch Warranties on the relevant Switch Date;

- (k) the aggregate Current Balance of all Loans that are Interest Only Loans does not exceed 20 per cent. of the Current Balance of all Loans in the portfolio;
- (l) no debit entries are recorded on the Class A Principal Deficiency Sub-Ledger; and
- (m) the General Reserve Fund is at the General Reserve Required Amount.

Each Loan which is the subject of a Product Switch and, following such Product Switch, becomes a Fixed Rate Loan, will be included in respect of a calculation period of the Fixed Rate Swap Transaction occurring immediately after the date on which such Product Switch is made, (i) for the purposes of determining the notional amount in respect of the such calculation period in accordance with the terms of the Fixed Rate Swap Transaction and (ii) fixed rate of the Fixed Rate Swap Transaction (being the weighted average interest rate (by current balance) applicable on the Relevant Fixed Rate Loans) in respect of such calculation period.

If by close of business on a Calculation Date following the end of the Collection Period during which the Switch Date has occurred, the Seller or the Servicer (on behalf of the Seller) determine that:

- (a) a Notice of Non-Satisfaction of Product Switch Conditions has been given by the Seller to the Issuer and is yet to be revoked by the Seller;
- (b) any of the Product Switch Warranties made by the Seller on the Switch Date in respect of any Loan originated by the Seller subject to a Product Switch were materially untrue as at such date; or
- (c) any of the Product Switch Conditions were in fact not satisfied on the last day of the calendar month in which the Switch Date falls:
 - (i) despite no Notice of Non-Satisfaction of Product Switch Conditions being given by the Seller to the Issuer; or
 - (ii) where a Notice of Non-Satisfaction of Product Switch Conditions was given but was revoked by the Seller,

the Issuer will deliver to the Seller a Loan Repurchase Notice. The Seller will, upon receipt of a Loan Repurchase Notice from the Issuer, and provided that the circumstances giving rise to the relevant Loan Repurchase Notice continue to apply on such date, repurchase from the Issuer the relevant Loan and its Related Security together with any other Loan secured or intended to be secured by such Related Security or any part of it on the next Interest Payment Date following receipt by the Seller of the Loan Repurchase Notice. Consideration for such repurchase shall be provided by payment in cash such that the cash payment amount equals at least the Current Balance(s) of the Loan(s) subject to repurchase.

Where in relation to a proposed Further Advance or a Product Switch, the Seller or the Servicer (on behalf of the Seller) proposes making a Further Advance or Product Switch (as applicable), the Seller may, despite the Seller not having given (in the case of the Further Advance) a Notice of Non-Satisfaction of Further Advance Conditions or (in the case of the Product Switch) a Notice of Non-Satisfaction of Product Switch Conditions (as applicable) to the Issuer, as alternatives to selling the Further Advance to the Issuer or the Loan which is the subject of a Product Switch remaining in the Portfolio (as applicable), elect to repurchase the relevant Loan and its Related Security from the Issuer on the next Interest Payment Date following the end of the Collection Period during which the Advance Date or the Switch Date (as applicable) falls for a consideration equal to the Current Balance of such Loan.

Any such election must be made prior to the Interest Payment Date following the end of the Collection Period in which the relevant Advance Date or Switch Date (as applicable) falls.

Subject to the set-off provisions described above, the Seller must pay to the Issuer the consideration for the relevant Loan and its Related Security which is the subject of a Further Advance or a Product Switch (as applicable) on the Interest Payment Date on which the Seller has elected to repurchase the relevant Loan and its Related Security.

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with the Mortgage Sale Agreement will be governed by English law, except that any terms of the Mortgage Sale Agreement which are particular to Scots law shall be construed in accordance with Scots law. Each Scottish Declaration of Trust and Scottish Transfer to be entered into pursuant to the Mortgage Sale Agreement is governed by and will be construed in accordance with Scots law.

STATISTICAL INFORMATION ON THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Provisional Portfolio of £554,778,998 as at 31 July 2026 (the "**Provisional Cut-Off Date**").

As at the Provisional Cut-Off Date, the Provisional Portfolio comprised 3,695 loans originated by the Seller between 2014 and 2025 and secured over properties located in England, Wales and Scotland. The Properties over which the Provisional Portfolio are secured have not been revalued for the purposes of the issue of the Notes.

The Provisional Portfolio was determined on or prior to the Provisional Cut-Off Date by the Seller in accordance with the procedures as described in "*Selection of the Portfolio*" above.

The Portfolio has been randomly selected from the Provisional Portfolio and materially comprises Loans granted to individuals for the acquisition or remortgage of their main residence and any further advances on those Loans to finance the renovation of a property already owned by the borrower, for debt consolidation or other purposes.

The characteristics of the Portfolio will vary from the Provisional Portfolio as set out in the tables of this Prospectus as a result of *inter alia*:

- (a) the exclusion of any Loans which have been repaid in full in the period from (but excluding) the Provisional Cut-Off Date to (and including) the Closing Date;
- (b) the removal of Loans on a randomly selected basis up to (and including) the Closing Date; and
- (c) the removal of Loans that do not comply with the representations and warranties given by the Seller in the Mortgage Sale Agreement on the Closing Date.

The information contained in this section has not been updated to reflect any decrease in the size of the Portfolio from that of the Provisional Portfolio.

Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Provisional Cut-Off Date. Columns may not add up to the total due to rounding.

At the time the Portfolio of Loans are sold by the Seller to the Issuer, no Loan will have an indexed LTV of 100% or more.

As of the Provisional Cut-Off Date, the Provisional Portfolio had the following characteristics:

Summary of Portfolio

Current balance	£554,778,997.64
Number of loans.....	3,695
Number of properties	3,439
Average current balance by loan.....	£150,143.17
Average current balance by property	£161,319.86
Weighted average original LTV by property	76.30%
Weighted average current LTV by property	67.62%
Weighted average indexed current LTV by property	61.89%
Weighted average current Interest Rate by loan	4.62%
Weighted average current seasoning (months) by loan	48.14
Weighted average remaining term (years) by loan	23.28

1. Current Balances as at the Provisional Cut-Off Date

The following tables show the range of outstanding Current Balances of mortgage loans in the Provisional Portfolio as at the Provisional Cut-Off Date. The figures in the following tables have been calculated on the basis of the number of Properties in the Provisional Portfolio. For the purposes of the first table below, "Original Loan Balance" refers to the original amount outstanding on a given Loan as at the time of the latest loan advance.

Distribution by Original Balance

Original Loan Balance (£)	Current Balance (£)	% of Balance in the Portfolio	Number of Properties	% of Properties in the Portfolio
0 - 49,999	2,136,218.44	0.39	100	2.91
50,000 – 99,999.....	45,537,801.32	8.21	747	21.72
100,000 – 149,999.....	84,705,797.64	15.27	836	24.31
150,000 – 199,999.....	78,651,587.28	14.18	538	15.64
200,000 – 249,999.....	81,638,347.30	14.72	421	12.24
250,000 – 299,999.....	64,734,937.80	11.67	275	8.00
300,000 – 349,999.....	50,711,314.40	9.14	176	5.12
350,000 – 399,999.....	41,827,825.12	7.54	128	3.72
400,000 – 449,999.....	23,584,562.11	4.25	65	1.89
450,000 – 499,999.....	23,752,141.84	4.28	55	1.60
500,000 – 999,999.....	57,498,464.39	10.36	98	2.85
>=1,000,000	0.00	0.00	0	0.00
Total	554,778,997.64	100.00	3,439	100.00
Data shown is at property level				
<i>Min</i>	<i>£10,309.00</i>			
<i>Max</i>	<i>£998,501.00</i>			
<i>Average</i>	<i>£188,140.41</i>			

Distribution by Current Balance

Current Loan Balance (£)	Current Balance (£)	% of Balance in the Portfolio	Number of Properties	% of Properties in the Portfolio
0 - 49,999	11,340,478.15	2.04	363	10.56
50,000 – 99,999.....	69,262,775.36	12.48	911	26.49
100,000 – 149,999.....	88,711,752.45	15.99	728	21.17
150,000 – 199,999.....	85,029,628.33	15.33	487	14.16
200,000 – 249,999.....	74,805,553.85	13.48	337	9.80
250,000 – 299,999.....	58,144,293.57	10.48	213	6.19
300,000 – 349,999.....	52,168,188.56	9.40	161	4.68
350,000 – 399,999.....	32,077,303.44	5.78	86	2.50
400,000 – 449,999.....	19,638,232.92	3.54	46	1.34
450,000 – 499,999.....	17,380,601.06	3.13	37	1.08
500,000 – 999,999.....	46,220,189.95	8.33	70	2.04
>=1,000,000	0.00	0.00	0	0.00
Total	554,778,997.64	100.00	3,439	100.00
Data shown at property level				
<i>Min</i>	<i>£977.71</i>			
<i>Max</i>	<i>£973,371.16</i>			
<i>Average</i>	<i>£161,319.86</i>			

2. Loan-to Value Ratios as at the Provisional Cut-Off Date

The following tables show the range of LTV ratios, which express the Current Balance of the aggregate of Loans in a mortgage account in the Provisional Portfolio as at the Provisional Cut-Off Date or the date of origination of the Loan, as applicable divided by the valuation as at origination of the Loan or the most recent valuation thereof (including indexed valuations where applicable — see "*The Loans — Lending Criteria — Valuations*"). For the avoidance of doubt, there have been no revaluations for the purposes of the issuance of the Notes. The figures in the following tables have been calculated on the basis of the number of Properties in the Provisional Portfolio. For the purposes of the first table below, "Original LTV" refers to the amount outstanding on a given Loan as at the time of the latest loan advance

Distribution by Original LTV:

Original LTV (%)	Current Balance (£)	% of Balance in the Portfolio	Number of Properties	% of Properties in the Portfolio
0.00 – 39.99.....	25,216,867.45	4.55	317	9.22
40.00 – 44.99.....	10,068,751.91	1.81	82	2.38
45.00 – 49.99.....	9,170,878.16	1.65	87	2.53
50.00 – 54.99.....	14,842,752.17	2.68	108	3.14
55.00 – 59.99.....	23,875,114.00	4.30	134	3.90
60.00 – 64.99.....	26,676,142.79	4.81	144	4.19
65.00 – 69.99.....	31,700,499.17	5.71	153	4.45
70.00 – 74.99.....	34,976,195.48	6.30	202	5.87
75.00 – 79.99.....	76,653,431.95	13.82	392	11.40
80.00 – 84.99.....	90,616,359.98	16.33	480	13.96
85.00 – 89.99.....	66,010,082.48	11.90	392	11.40
90.00 – 94.99.....	92,365,047.06	16.65	551	16.02
95.00 – 99.99.....	52,606,875.04	9.48	397	11.54
>=100.00.....	0.00	0.00	0	0.00
Total	554,778,997.64	100.00	3,439	100.00
Data shown at property level				
<i>Min</i>	3.00%			
<i>Max</i>	95.00%			
<i>Weighted Average</i>	76.30%			

Distribution by Current LTV

Current LTV (%)	Current Balance (£)	% of Balance in the Portfolio	Number of Properties	% of Properties in the Portfolio
0 – 39.99.....	50,411,780.66	9.09	645	18.76
40 – 44.99.....	15,239,545.88	2.75	132	3.84
45 – 49.99.....	17,232,725.49	3.11	127	3.69
50 – 54.99.....	29,641,086.60	5.34	192	5.58
55 – 59.99.....	38,008,611.95	6.85	221	6.43
60 – 64.99.....	41,396,445.31	7.46	224	6.51
65 – 69.99.....	57,165,447.08	10.30	287	8.35
70 – 74.99.....	70,046,033.82	12.63	390	11.34
75 – 79.99.....	90,275,508.10	16.27	450	13.09
80 – 84.99.....	65,349,807.85	11.78	361	10.50
85 – 89.99.....	80,012,004.90	14.42	410	11.92
90 – 94.99.....	0.00	0.00	0	0.00
95 – 99.99.....	0.00	0.00	0	0.00
>=100.00.....	0.00	0.00	0	0.00
Total	554,778,997.64	100.00	3,439	100.00
Data shown at property level				
<i>Min</i>	0.48%			
<i>Max</i>	89.53%			
<i>Weighted Average</i>	67.62%			

3. Geographical spread

The following table shows the geographical distribution of Properties securing the Loans throughout England and Wales and Scotland as at the Provisional Cut-Off Date. No such properties are situated outside England and Wales and Scotland. The Seller's Lending Criteria and current credit scoring tests do not take into account the geographical location of the property securing a Loan. The figures in the following table have been calculated on the basis of the number of properties in the Provisional Portfolio

Distribution by Geographical Region

Geographical Regions	Current Balance (£)	% of Balance in the Portfolio	Number of Properties	% of Properties in the Portfolio
Scotland.....	56,269,978.28	10.14	458	13.32
North West.....	62,420,562.79	11.25	417	12.13
South East.....	76,552,344.45	13.80	318	9.25
London.....	57,908,987.68	10.44	194	5.64
North East.....	61,392,534.50	11.07	588	17.10
Yorkshire and The Humber.....	48,722,311.37	8.78	377	10.96
South West.....	48,081,552.48	8.67	236	6.86
East.....	35,351,782.40	6.37	169	4.91
West Midlands.....	46,941,279.87	8.46	263	7.65
East Midlands.....	43,339,969.51	7.81	285	8.29
Wales.....	17,797,694.31	3.21	134	3.90
Total	554,778,997.64	100.00	3,439	100.00

Data shown is at property level

4. **Seasoning of Loans**

The following table shows the number of months since the date of origination of each sub-account in the mortgage loans as at the Provisional Cut-Off Date.

Distribution by Seasoning

Seasoning (months)	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the Portfolio
0.00 - 5.99.....	0.00	0.00	0.00	0.00
6.00 - 11.99.....	5,122,680.20	0.92	27	0.73
12.00 - 17.99.....	58,751,669.20	10.59	342	9.26
18.00 - 23.99.....	83,452,931.45	15.04	414	11.20
24.00 - 29.99.....	74,219,072.23	13.38	366	9.91
30.00 - 35.99.....	26,960,789.70	4.86	145	3.92
36.00 - 41.99.....	46,053,531.46	8.30	273	7.39
42.00 - 47.99.....	48,467,774.43	8.74	261	7.06
>=48.00.....	211,750,548.97	38.17	1,867	50.53
Total	554,778,997.64	100.00	3,695	100.00

Data shown is at loan level

Min..... 9.96

Max..... 141.90

Weighted Average..... 48.14

5. **Years to Maturity**

The following table shows the number of remaining years of each sub-account in the Loans as at the Provisional Cut-Off Date.

Distribution by Remaining term

Remaining Term (years)	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the Portfolio
0.00 - 9.99.....	34,482,208.68	6.22	509	13.78
10.00 - 14.99.....	61,772,156.52	11.13	555	15.02
15.00 - 19.99.....	102,401,324.90	18.46	695	18.81
20.00 - 24.99.....	114,692,559.09	20.67	703	19.03
25.00 - 29.99.....	105,252,871.73	18.97	572	15.48
30.00 - 34.99.....	96,467,225.04	17.39	471	12.75
35.00 - 39.99.....	39,710,651.68	7.16	190	5.14
>=40.00.....	0.00	0.00	0	0.00
Total	554,778,997.64	100.00	3,695	100.00

Data shown is at loan level

Min..... 0.58

Remaining Term (years)	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the Portfolio
Max	39.17			
Weighted Average	23.28			

6. Purpose of loan

The following table shows whether the original purpose of each Loan was to finance the purchase of a new Property, to remortgage a Property already owned by the borrower, to finance the renovation of a property already owned by the borrower, for debt consolidation purposes or other.

Distribution by Purpose

Purpose	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the portfolio
Purchase	404,154,503.95	72.85	2,629	71.15
Re-mortgage	146,504,777.00	26.41	886	23.98
Renovation	3,230,699.74	0.58	132	3.57
Debt consolidation	434,526.68	0.08	26	0.70
Other	454,490.27	0.08	22	0.60
Total	554,778,997.64	100.00	3,695	100.00

Data shown is at loan level

7. Property type

The following table shows the types of property to which the Loans relate.

Distribution by Property Type

Property Type	Current Balance (£)	% of Balance in the Portfolio	Number of Properties	% of Properties in the Portfolio
House, detached or semi-detached	345,782,529.30	62.33	1,839	53.47
Terraced House	119,363,717.19	21.52	965	28.06
Flat/Apartment	64,238,850.49	11.58	463	13.46
Bungalow	25,393,900.66	4.58	172	5.00
Total	554,778,997.64	100.00	3,439	100.00

Data shown is at property level

8. Repayment type

The following table shows the repayment methods for each sub-account as at the Provisional Cut-Off Date.

Distribution by Repayment Type

Repayment Type	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the Portfolio
Interest Only	1,182,270.95	0.21	9	0.24
Repayment	514,039,358.57	92.66	3,572	96.67
Part & Part	39,557,368.12	7.13	114	3.09
Total	554,778,997.64	100.00	3,695	100.00

Data shown is at loan level

9. Distribution of Interest Rate Type

The following table shows the distribution of Interest Rate Types as at the Provisional Cut-Off Date.

Distribution by Interest Rate Type

Interest Rate Type	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the Portfolio
Fixed rate	523,534,165.28	94.37	3,422	92.61
Floating rate	14,907,880.23	2.69	79	2.14
Floating rate loan (for life).....	14,556,756.96	2.62	181	4.90
Discount rate	1,780,195.17	0.32	13	0.35
Total	554,778,997.64	100.00	3,695	100.00

Data shown is at loan level

10. **Distribution of Current Interest Rates**

The following table shows the distribution of all sub-accounts (variable and fixed rate) by their rate of interest as at the Provisional Cut-Off Date.

Distribution by Interest Rate

Interest Rate (%)	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the Portfolio
0.00 - 0.99	0.00	0.00	0	0.00
1.00 - 1.99	0.00	0.00	0	0.00
2.00 - 2.99	45,663,835.37	8.23	359	9.72
3.00 - 3.99	58,087,319.83	10.47	318	8.61
4.00 - 4.99	272,185,799.95	49.06	1,911	51.72
5.00 - 5.99	157,476,527.82	28.39	880	23.82
6.00 - 6.99	21,365,514.67	3.85	227	6.14
>=7.00	0.00	0.00	0	0.00
Total	554,778,997.64	100.00	3,695	100.00

Data shown is at loan level

Min..... 2.09%

Max..... 6.95%

Weighted Average..... 4.62%

11. **Distribution of Loan Reversion Dates**

Sub-accounts operating on a fixed rate remain at the relevant fixed rate for a period of time as specified in the Offer Conditions, after which they move to the Seller Standard Variable Rate or some other rate as specified in the Offer Conditions. Sub-accounts operating on a discount rate or floating rate remain at the relevant rate for a period of time as specified in the Offer Conditions, after which they move to the Seller Standard Variable Rate or some other rate as specified in the Offer Conditions.

Reversion Date of Loans	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the Portfolio
No reversion date	14,556,756.96	2.62	181	4.90
2026	80,317,289.62	14.48	490	13.26
2027	184,478,071.82	33.25	1,175	31.80
2028	115,568,952.22	20.83	746	20.19
2029	79,987,530.88	14.42	483	13.07
2030	52,422,413.01	9.45	380	10.28
2031	24,684,961.38	4.45	205	5.55
2032	2,416,103.50	0.44	28	0.76
2033	346,918.25	0.06	7	0.19
2034	0.00	0.00	0	0.00
>=2035	0.00	0.00	0	0.00
Total	554,778,997.64	100.00	3,695	100.00

Data shown is at loan level

Min..... 01/08/2026

Max..... 01/05/2033

12. **Original Valuation Type**

The following table shows the original valuation type of the properties to which the Loans relate.

Distribution by Original Valuation Type

Valuation Type	Current Balance (£)	% of Balance in the Portfolio	Number of Loans	% of Loans in the Portfolio
Full, internal and external inspection.....	422,475,360.74	76.15	2,821	76.35
AVM	83,740,795.12	15.09	621	16.81
Desktop	48,562,841.78	8.75	253	6.85
Total	554,778,997.64	100.00	3,695	100.00

Data shown is at loan level

Historical and Other Information

Static and dynamic historical performance data in relation to the Loans originated by the Seller will be made available on the SR Website. Such information will cover a period of at least 5 years. None of the Issuer, the Swap Provider, the Arrangers, the Joint Lead Managers or any of their respective agents has undertaken or will undertake any investigation or review of, or search to verify, the historical information. There can be no assurances as to the future performance of the Loans contained in the Portfolio and holders of Notes should not consider such historical performance data to be a reliable indicator of future performance of the Loans contained in the Portfolio. This in turn may affect the ability of the Issuer to make payments on the Notes.

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the UK.

Set out in the following tables are certain characteristics of the UK mortgage market.

Industry CPR Rates

In the following tables, quarterly industry constant prepayment rate ("**Industry CPR**") data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by monetary and financial institutions, and other specialist mortgage lenders, in a quarter, by the quarterly balance of mortgages outstanding for monetary and financial institutions, and other specialist mortgage lenders, in the UK. These quarterly repayment rates were then annualised using standard methodology.

Industry CPR Rates		
Date	CPR rate for the quarter (%)	4 quarter rolling average (%)
Mar-1999.....	12.76	
Jun-1999.....	16.39	
Sep-1999.....	18.10	
Dec-1999.....	17.11	16.09
Mar-2000.....	13.86	16.37
Jun-2000.....	15.67	16.19
Sep-2000.....	16.25	15.72
Dec-2000.....	16.03	15.45
Mar-2001.....	15.72	15.92
Jun-2001.....	18.67	16.67
Sep-2001.....	20.48	17.72
Dec-2001.....	20.10	18.74
Mar-2002.....	18.95	19.55
Jun-2002.....	22.00	20.38
Sep-2002.....	24.25	21.33
Dec-2002.....	23.39	22.15
Mar-2003.....	21.25	22.72
Jun-2003.....	22.69	22.90
Sep-2003.....	24.19	22.88
Dec-2003.....	24.68	23.20
Mar-2004.....	21.08	23.16
Jun-2004.....	22.66	23.15
Sep-2004.....	23.52	22.98
Dec-2004.....	20.05	21.83
Mar-2005.....	17.25	20.87
Jun-2005.....	19.86	20.17
Sep-2005.....	22.94	20.03
Dec-2005.....	23.09	20.78
Mar-2006.....	20.76	21.66
Jun-2006.....	22.53	22.33
Sep-2006.....	23.57	22.49
Dec-2006.....	23.19	22.51
Mar-2007.....	21.56	22.71
Jun-2007.....	22.86	22.79
Sep-2007.....	23.13	22.68
Dec-2007.....	20.80	22.09
Mar-2008.....	18.81	21.40
Jun-2008.....	19.28	20.50
Sep-2008.....	17.29	19.05
Dec-2008.....	13.78	17.29
Mar-2009.....	11.02	15.34
Jun-2009.....	10.31	13.10
Sep-2009.....	11.26	11.59
Dec-2009.....	11.17	10.94
Mar-2010.....	9.63	10.59
Jun-2010.....	10.65	10.68
Sep-2010.....	11.13	10.64
Dec-2010.....	10.80	10.55
Mar-2011.....	9.81	10.59
Jun-2011.....	10.44	10.54
Sep-2011.....	11.75	10.70
Dec-2011.....	11.20	10.80

Industry CPR Rates

Date	CPR rate for the quarter (%)	4 quarter rolling average (%)
Mar-2012.....	10.35	10.93
Jun-2012.....	10.68	11.00
Sep-2012.....	10.93	10.79
Dec-2012.....	11.16	10.78
Mar-2013.....	10.78	10.89
Jun-2013.....	12.39	11.31
Sep-2013.....	13.97	12.07
Dec-2013.....	14.36	12.87
Mar-2014.....	13.06	13.45
Jun-2014.....	13.79	13.80
Sep-2014.....	14.70	13.98
Dec-2014.....	13.79	13.84
Mar-2015.....	12.55	13.71
Jun-2015.....	13.59	13.66
Sep-2015.....	14.79	13.68
Dec-2015.....	15.05	14.00
Mar-2016.....	14.84	14.57
Jun-2016.....	14.59	14.82
Sep-2016.....	15.41	14.98
Dec-2016.....	14.91	14.94
Mar-2017.....	14.48	14.85
Jun-2017.....	14.41	14.80
Sep-2017.....	15.62	14.85
Dec-2017.....	15.84	15.09
Mar-2018.....	14.69	15.14
Jun-2018.....	14.91	15.26
Sep-2018.....	16.33	15.44
Dec-2018.....	15.87	15.45
Mar-2019.....	14.30	15.35
Jun-2019.....	14.21	15.18
Sep-2019.....	14.91	14.82
Dec-2019.....	15.14	14.64
Mar-2020.....	14.01	14.57
Jun-2020.....	10.80	13.71
Sep-2020.....	12.55	13.12
Dec-2020.....	14.20	12.89
Mar-2021.....	15.12	13.17
Jun-2021.....	15.24	14.28
Sep-2021.....	13.98	14.64
Dec-2021.....	14.24	14.64
Mar-2022.....	14.08	14.38
Jun-2022.....	14.67	14.24
Sep-2022.....	15.56	14.64
Dec-2022.....	16.49	15.20
Mar-2023.....	13.74	15.11
Jun-2023.....	12.56	14.59
Sep-2023.....	13.96	14.19
Dec-2023.....	12.68	13.23
Mar-2024.....	12.38	12.89
Jun-2024.....	12.72	12.93
Sep-2024.....	12.91	12.67
Dec-2024.....	13.39	12.85
Mar-2025.....	13.32	13.08
Jun-2025.....	11.67	12.82
Sep-2025.....	14.28	13.16
Dec-2025.....	14.36	13.41
Mar-2026.....	12.51	13.21
Jun-2026.....	13.65	13.70

Source of repayment and outstanding mortgage information: UK Finance

Repossession Rate

The table below sets out the repossession rate of residential properties in the UK since 1985.

Repossession Rate	
Year	Repossessions (%)
1985.....	0.25
1986.....	0.30
1987.....	0.32
1988.....	0.22

Repossession Rate

Year	Repossessions (%)
1989	0.17
1990	0.47
1991	0.77
1992	0.69
1993	0.58
1994	0.47
1995	0.47
1996	0.40
1997	0.40
1998	0.30
1999	0.27
2000	0.20
2001	0.16
2002	0.11
2003	0.07
2004	0.07
2005	0.12
2006	0.18
2007	0.22
2008	0.34
2009	0.43
2010	0.34
2011	0.33
2012	0.30
2013	0.26
2014	0.19
2015	0.09
2016	0.07
2017	0.07
2018	0.06
2019	0.07
2020	0.02
2021	0.02
2022	0.04
2023	0.04
2024	0.06
2025	0.08

Source: UK Finance

House Price to Earnings Ratio

The following table shows the ratio for each year of the average annual value of houses compared to the average annual salary in the UK.

House Price to Earnings Ratio

Year	House Price to Earnings Ratio
2000	5.07
2001	5.22
2002	5.87
2003	6.58
2004	7.05
2005	7.24
2006	7.45
2007	7.80
2008	7.19
2009	6.57
2010	6.79
2011	6.53
2012	6.47
2013	6.57
2014	7.01
2015	7.27
2016	7.59
2017	7.75
2018	7.77
2019	7.59
2020	7.67
2021	7.83
2022	8.03
2023	7.53

House Price to Earnings Ratio

Year	House Price to Earnings Ratio
2024	7.19
2025	7.06

Source: UK Finance

House Price Index

The UK housing market has been through various economic cycles in the recent past, with relatively large year-on-year increases in the housing indices occurring in the late 1980s and decreases occurring in the early 1990s and from 2007 to 2013.

House Price Index

Date	House Price Index	Annual Change (%)
Jan-2007	62.4	10.44
Feb-2007	62.6	10.60
Mar-2007	63.1	10.70
Apr-2007	64.3	10.29
May-2007	65.1	10.71
Jun-2007	65.8	10.77
Jul-2007	66.6	10.63
Aug-2007	67.0	10.38
Sep-2007	67.1	10.00
Oct-2007	66.9	9.14
Nov-2007	66.9	8.43
Dec-2007	66.8	7.05
Jan-2008	65.6	5.13
Feb-2008	65.0	3.83
Mar-2008	64.5	2.22
Apr-2008	64.7	0.62
May-2008	65.1	0.00
Jun-2008	64.2	-2.43
Jul-2008	63.5	-4.65
Aug-2008	62.2	-7.16
Sep-2008	60.6	-9.69
Oct-2008	59.4	-11.21
Nov-2008	57.7	-13.75
Dec-2008	56.8	-14.97
Jan-2009	55.5	-15.40
Feb-2009	54.9	-15.54
Mar-2009	54.5	-15.50
Apr-2009	55.0	-14.99
May-2009	55.8	-14.29
Jun-2009	56.3	-12.31
Jul-2009	57.3	-9.76
Aug-2009	57.9	-6.91
Sep-2009	58.4	-3.63
Oct-2009	58.8	-1.01
Nov-2009	58.9	2.08
Dec-2009	59.3	4.40
Jan-2010	59.1	6.49
Feb-2010	59.3	8.01
Mar-2010	59.3	8.81
Apr-2010	60.0	9.09
May-2010	60.3	8.06
Jun-2010	60.6	7.64
Jul-2010	61.2	6.81
Aug-2010	61.2	5.70
Sep-2010	61.1	4.62
Oct-2010	60.4	2.72
Nov-2010	59.7	1.36
Dec-2010	59.6	0.51
Jan-2011	59.1	0.00
Feb-2011	58.7	-1.01
Mar-2011	58.5	-1.35
Apr-2011	59.4	-1.00
May-2011	59.1	-1.99
Jun-2011	59.2	-2.31
Jul-2011	60.0	-1.96
Aug-2011	60.0	-1.96
Sep-2011	59.9	-1.96
Oct-2011	59.2	-1.99

Characteristics of the United Kingdom Residential Mortgage Market

House Price Index

Date	House Price Index	Annual Change (%)
Nov-2011	59.2	-0.84
Dec-2011	59.0	-1.01
Jan-2012	58.6	-0.85
Feb-2012	58.4	-0.51
Mar-2012	58.6	0.17
Apr-2012	59.3	-0.17
May-2012	59.4	0.51
Jun-2012	60.0	1.35
Jul-2012	60.3	0.50
Aug-2012	60.3	0.50
Sep-2012	60.1	0.33
Oct-2012	59.7	0.84
Nov-2012	59.7	0.84
Dec-2012	59.6	1.02
Jan-2013	59.2	1.02
Feb-2013	59.2	1.37
Mar-2013	59.5	1.54
Apr-2013	60.1	1.35
May-2013	60.4	1.68
Jun-2013	61.0	1.67
Jul-2013	61.6	2.16
Aug-2013	62.1	2.99
Sep-2013	62.2	3.49
Oct-2013	61.9	3.69
Nov-2013	62.3	4.36
Dec-2013	62.8	5.37
Jan-2014	62.9	6.25
Feb-2014	63.2	6.76
Mar-2014	63.4	6.55
Apr-2014	64.8	7.82
May-2014	65.5	8.44
Jun-2014	66.0	8.20
Jul-2014	67.0	8.77
Aug-2014	67.8	9.18
Sep-2014	67.8	9.00
Oct-2014	67.7	9.37
Nov-2014	67.5	8.35
Dec-2014	67.7	7.80
Jan-2015	67.3	7.00
Feb-2015	67.4	6.65
Mar-2015	67.6	6.62
Apr-2015	68.2	5.25
May-2015	68.9	5.19
Jun-2015	69.5	5.30
Jul-2015	70.7	5.52
Aug-2015	71.3	5.16
Sep-2015	71.4	5.31
Oct-2015	71.5	5.61
Nov-2015	72.1	6.81
Dec-2015	72.3	6.79
Jan-2016	72.5	7.73
Feb-2016	72.6	7.72
Mar-2016	73.3	8.43
Apr-2016	73.6	7.92
May-2016	74.4	7.98
Jun-2016	75.2	8.20
Jul-2016	75.9	7.36
Aug-2016	76.0	6.59
Sep-2016	75.8	6.16
Oct-2016	75.6	5.73
Nov-2016	75.9	5.27
Dec-2016	76.1	5.26
Jan-2017	76.0	4.83
Feb-2017	76.1	4.82
Mar-2017	76.0	3.68
Apr-2017	77.2	4.89
May-2017	77.6	4.30
Jun-2017	78.3	4.12
Jul-2017	79.3	4.48
Aug-2017	79.7	4.87
Sep-2017	79.4	4.75
Oct-2017	79.5	5.16
Nov-2017	79.2	4.35

Characteristics of the United Kingdom Residential Mortgage Market

House Price Index

Date	House Price Index	Annual Change (%)
Dec-2017	79.5	4.47
Jan-2018	79.3	4.34
Feb-2018	79.5	4.47
Mar-2018	79.0	3.95
Apr-2018	79.8	3.37
May-2018	80.1	3.22
Jun-2018	80.6	2.94
Jul-2018	81.6	2.90
Aug-2018	81.9	2.76
Sep-2018	81.7	2.90
Oct-2018	81.6	2.64
Nov-2018	81.3	2.65
Dec-2018	81.1	2.01
Jan-2019	80.6	1.64
Feb-2019	80.4	1.13
Mar-2019	80.2	1.52
Apr-2019	80.8	1.25
May-2019	80.9	1.00
Jun-2019	81.2	0.74
Jul-2019	82.1	0.61
Aug-2019	82.4	0.61
Sep-2019	82.4	0.86
Oct-2019	82.2	0.74
Nov-2019	81.9	0.74
Dec-2019	81.8	0.86
Jan-2020	81.9	1.61
Feb-2020	81.4	1.24
Mar-2020	82.1	2.37
Apr-2020	81.3	0.62
May-2020	81.7	0.99
Jun-2020	82.9	2.09
Jul-2020	83.6	1.83
Aug-2020	84.4	2.43
Sep-2020	85.3	3.52
Oct-2020	86.0	4.62
Nov-2020	86.9	6.11
Dec-2020	87.5	6.97
Jan-2021	87.5	6.84
Feb-2021	87.8	7.86
Mar-2021	89.1	8.53
Apr-2021	87.8	8.00
May-2021	88.3	8.08
Jun-2021	93.0	12.18
Jul-2021	88.7	6.10
Aug-2021	91.4	8.29
Sep-2021	94.0	10.20
Oct-2021	91.7	6.63
Nov-2021	93.5	7.59
Dec-2021	94.0	7.43
Jan-2022	95.1	8.69
Feb-2022	95.2	8.43
Mar-2022	95.5	7.18
Apr-2022	96.6	10.02
May-2022	97.7	10.65
Jun-2022	98.9	6.34
Jul-2022	100.8	13.64
Aug-2022	101.6	11.16
Sep-2022	101.8	8.30
Oct-2022	101.8	11.01
Nov-2022	101.7	8.77
Dec-2022	100.9	7.34
Jan-2023	100.0	5.15
Feb-2023	99.2	4.20
Mar-2023	98.1	2.72
Apr-2023	98.3	1.76
May-2023	98.6	0.92
Jun-2023	99.0	0.10
Jul-2023	100.1	-0.69
Aug-2023	100.6	-0.98
Sep-2023	100.1	-1.67
Oct-2023	99.7	-2.06
Nov-2023	99.0	-2.65
Dec-2023	98.2	-2.68

House Price Index

Date	House Price Index	Annual Change (%)
Jan-2024	98.1	-1.90
Feb-2024	97.6	-1.61
Mar-2024	97.8	-0.31
Apr-2024	98.3	0.00
May-2024	99.1	0.51
Jun-2024	99.5	0.51
Jul-2024	100.6	0.50
Aug-2024	101.6	0.99
Sep-2024	101.5	1.40
Oct-2024	101.7	2.01
Nov-2024	101.4	2.42
Dec-2024	101.2	3.05
Jan-2025	101.5	3.47
Feb-25	101.5	4.00
Mar-25	102.7	5.01
Apr-25	99.7	1.42
May-25	101.2	2.12
Jun-25	102.3	2.81
Jul-25	103.1	2.49
Aug-25	103.9	2.26
Sep-25	103.5	1.97
Oct-25	104.0	2.26
Nov-25	104.2	2.76
Dec-25	103.2	1.98
Jan-26	103.0	1.48
Feb-26	103.1	1.58
Mar-26	103.1	0.39
Apr-26	103.6	3.91
May-26	104.0	2.77

Source:

Gov.uk (<https://www.gov.uk/government/statistical-data-sets/uk-house-price-index-data-downloads-may-2026>)

REGULATION OF THE UK RESIDENTIAL MORTGAGE INDUSTRY

The following discussion is a summary of the material laws and regulations governing the UK residential mortgage market. This discussion does not purport to be an exhaustive analysis of the relevant law. Any prospective investor in any Notes should consult its own legal advisors regarding the effect of the applicable laws and regulations.

General

In the UK, regulation of residential mortgage business by the FCA (previously the Financial Services Authority (the "FSA")) under the FSMA has been in force since 31 October 2004 (the "**Mortgage Regulation Date**").

A mortgage contract entered into or varied, such that a new contract was entered into on or after the Mortgage Regulation Date, was a "**Regulated Mortgage Contract**" under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "**RAO**") if it was entered into on or after the Mortgage Regulation Date but before 21 March 2016, and at the time it was entered into: (a) the borrower was either an individual or trustee, (b) the obligation of the borrower to repay was to be secured by a first legal mortgage or (in Scotland) a first ranking standard security (heritable security) on land (other than timeshare accommodation) in the UK, and (c) at least 40 per cent. of that land was used, or was intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person. A related person (in relation to a Borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is broadly the person's spouse or civil partner or a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife or that person's parent, brother, sister, child (including step children) grandparent or grandchild.

From 21 March 2016, the definition of "Regulated Mortgage Contract" was amended by the removal of the requirement for the security to be first ranking (in limb (b) above), and the extension of the territorial scope to cover property in the EEA and the UK (in limb (c) above), following the implementation of the European Mortgage Credit Directive (2014/17/EU) (the "**Mortgage Credit Directive**"). In relation to a contract entered into before 11pm on 31 December 2020, 'land' under the Mortgage Credit Directive means land in the UK or within the territory of an EEA state and in relation to a contract entered into on or after 11pm on 31 December 2020, 'land' means land in the UK.

Many mortgage contracts that were not Regulated Mortgage Contracts immediately before 21 March 2016 became Regulated Mortgage Contracts on that date, provided that they met certain conditions (even though these conditions did not apply in that form at the time the mortgage contract was entered into). Importantly, a mortgage contract entered into before 21 March 2016 that was not a Regulated Mortgage Contract became a Regulated Mortgage Contract if it was a "*consumer credit back book mortgage contract*" (see "*Regulation of the UK Residential Mortgage Industry – Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below). Since the Mortgage Regulation Date, subject to any exemption, persons carrying on a regulated mortgage activity (as defined in the glossary of the FCA Handbook) by way of business in the UK must be authorised under the FSMA. These include (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract ("administering" in this context broadly means notifying borrowers of changes in mortgage payments and/or collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. The Regulated Activities Order sets out certain exclusions to these provisions. Among other things, these exclusions state that a person who is not an authorised person does not carry on the regulated activity of administering a Regulated Mortgage Contract where he (i) arranges for another person, being an authorised person with permission to carry on an activity of that kind, to administer the contract or (ii) administers the contract himself during a period of not more than one month beginning with the day on which any such arrangement comes to an end.

The Seller and Servicer holds authorisation and permission to enter into as lender, administer and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exceptions first, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Issuer is not and does not propose to be an authorised person under the FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering

Regulated Mortgage Contracts by having them administered pursuant to an administration agreement by an entity having the required FCA authorisation and permission (i.e. the Servicer). If such an administration agreement terminates, however, the Issuer will be required to arrange for mortgage administration to be carried out by a replacement administrator having the required FCA authorisation and permission, and will have a period of not more than one month in which to do so.

In the event that a Loan is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity. In addition, no variation has been or will be made to the Loans and no Further Advance or Product Switch has been or will be made in relation to a Loan, where it would result in the Issuer arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

The MCOB, which sets out the FCA's rules for regulated mortgage activities, first came into force on 31 October 2004. These rules cover, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

The FSMA financial promotions regime covers the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of credit agreements under which the lender is a person (such as the Seller) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

If requirements as to authorisation and permission of lenders and brokers or as to issue and approval of financial promotions are not complied with, a Regulated Mortgage Contract in some cases will be unenforceable against the borrower except with the approval of a court. In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA rule (including MCOB), and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken (or exercise analogous rights in Scotland).

An unauthorised person who administers a Regulated Mortgage Contract entered into on or after the Mortgage Regulation Date may commit a criminal offence. In addition, the FCA may take civil action against a firm which breaches Section 19 of FSMA with, potentially, the imposition of unlimited fines. However, this will not render the contract unenforceable against the borrower.

Regulation of residential secured lending (other than Regulated Mortgage Contracts)

The UK government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending replacing the regime for consumer credit under which second charge lending previously fell. The UK government concluded there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is secured by a first or subsequent charge. The Mortgage Credit Directive also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the implementation of the Mortgage Credit Directive. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the Regulated Mortgage Contract regime rather than keeping them within the consumer credit regime. The move of CCA regulated mortgages to the FSMA regime was implemented by the MCD Order. The UK government has put in place transitional provisions for existing loans so that some of the CCA protections in place when the loans were originally taken out were not removed retrospectively. The FCA published its Policy Statement PS15/9 on implementing the Mortgage Credit Directive and on the new regime for second charge firms on 27 March 2015, together with final rules on the second charge mortgage regime (the majority of which came into effect on 21 March 2016).

Credit agreements originated before 21 March 2016 which are regulated by the CCA and which would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are defined by the MCD Order as "consumer credit back book mortgage contracts" and are now treated as Regulated Mortgage Contracts for the purposes of FSMA. The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of Section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to noncompliance with Section 77A CCA (duty to serve an annual statement) or Section 86B CCA (duty to serve a notice of sums in arrears), once the consumer credit back book mortgage contract became regulated by FSMA under the MCD Order as of 21 March 2016, the sanction of interest not being chargeable under Section 77A CCA and Section 86D CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to the unfair relationship provisions described below by virtue of the MCD Order having preserved such provisions, despite the migration from the CCA to FSMA/MCOB. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in the FCA's Consumer Credit Sourcebook and the CCA that are not contained within MCOB.

On 19 May 2025, HM Treasury published its long-awaited consultation on Phase 1 of the proposed reform of the CCA. Given the scale and complexity, the government outlined that the work will be split into two phases. In Phase 1, the government has identified opportunities to deliver a modernised, flexible and outcomes-focused FCA-led regime which ensures that consumers are provided with clear information to enable them to make informed financial decisions, as well as ensuring that robust consumer protections are maintained. This involves transferring appropriate parts of the CCA and recasting it in the FCA Handbook (in particular, the Consumer Credit Sourcebook) and retaining or amending legislative provisions only where necessary to ensure robust consumer protection. The consultation also proposes to ensure the new consumer credit regime is proportionate and supports innovation. The Government has outlined its vision of removing automatic statutory sanctions for non-compliance with information requirements and increased flexibility for electronic disclosure. Under the new regime, it proposes that the FCA could impose enforcement action and redress, which would be proportionate to the actual harm suffered by the consumer as a result of the breach. In Phase 2, the Government intends to address the scope of regulations, rights and protections under the CCA and key definitions. The consultation for Phase 1 closed on 21 July 2025. HM Treasury will issue a response to the Phase 1 consultation and plans to issue a response to the consultation followed by the Phase 2 consultation in due course thereafter. However, as at the date of this Prospectus, HM Treasury is analysing the responses received and has not yet published its formal response, nor has a definitive timetable for the Phase 2 consultation been confirmed.

The Seller will give warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each of the respective Loans and their Related Security is enforceable (subject to exceptions).

Following Brexit, the UK government is repealing and, where appropriate, replacing retained EU law relating to financial services. As part of the UK's "smarter regulatory framework", the Financial Services and Markets Act 2023 (which received Royal Assent on 29 June 2023) provides HM Treasury with powers to revoke, restate or replace retained EU law relating to financial services. While the Mortgage Credit Directive Order 2015 (the MCD Order) is domestic secondary legislation implementing the EU Mortgage Credit Directive (rather than retained EU law itself), elements of the mortgage regulatory framework may be amended or replaced over time pursuant to this programme. The UK government has not yet published a formal deadline by which it intends to complete this process.

In March 2025, the FCA announced its intention to carry out a review of the mortgage rules, including its responsible lending rules and MCOB 11.6.18R (Considering the effect of future interest rate rises). This was soon followed by the publication of the FCA's consultation paper 'Mortgage Rule Review: First steps to simplify our rules and increase flexibility' on 7 May 2025 which closed on 4 June 2025 (CP15/11). The first set of proposals under the Mortgage Rule Review, set out in this consultation, were intended to simplify

some responsible lending and advice rules for mortgages so that it is easier for consumers to make certain changes to their mortgage arrangements. On 22 July 2025, the FCA published Policy Statement PS25/11, finalising the first set of reforms under the Mortgage Rule Review and implementing changes to its responsible lending and mortgage advice rules with immediate effect. The FCA also published a discussion paper on the future of the mortgage market in June 2025 (DP25/2), followed by a feedback statement in December 2025 (FS25/6) setting out its longer-term roadmap for further mortgage market reforms.

Unfair relationships

The Consumer Credit Act 2006 introduced provisions concerning "unfair relationships" into sections 140A-C of the CCA, applicable to all credit agreements but, importantly, not to Regulated Mortgage Contracts. These unfair relationships provisions replaced the previous extortionate credit bargains provisions, giving a borrower under a relevant credit agreement the right to bring a claim against a lender for an unfair relationship and, if successful, benefit from a wide range of powers given to a court in respect of such claim.

For the unfair relationships provisions to apply, a borrower would have to establish that his or her Loan was a 'credit agreement' for the purposes of the CCA. Presumably this would be difficult in respect of a Loan given each Loan is intended to be a Regulated Mortgage Contract to which the unfair relationships provisions do not apply. However, a court may still consider the fairness of a relationship under these provisions if a credit agreement is a 'related agreement' to an exempt Regulated Mortgage Contract.

If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, amongst other things, requiring the relevant originator, or any assignee such as the Seller, to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the conduct of the creditor (or anyone acting on behalf of the creditor) before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and to be subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR (and the Consumer Rights Act 2015 (the "**CRA**")). The courts may, but are not obliged to, look solely to the CCA for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FCA on that principle and by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

Plevin v Paragon Personal Finance Limited [2014] UKSC 61, a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules. Where add-on products such as insurance are sold and are subject to a significant commission payments, it is possible that the non-disclosure of commission by the lender is a factor that could form part of a finding of unfair relationship.

In the context of the above, payment protection insurance was not sold as a condition of any Loan, but was available as a standalone product.

As noted above, HM Treasury is currently conducting a multi-stage consultation on the future of the CCA regime. Consideration of the unfair relationships regime will fall into a Phase 2 consultation the date of which is not yet known. The scope of CCA regulation and/or the unfair relationships regime may change as a result of this review of the CCA, which is designed to be more modern, flexible and proportionate.

Distance Marketing Regulations

The Financial Services (Distance Marketing) Regulations 2004 (the "**DM Regulations**") apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of the DM Regulations and by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). The DM Regulations (and MCOB in respect of activities related to Regulated Mortgage Contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial

service, contractual terms and conditions, and whether or not there is a right of cancellation. A Regulated Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the UK, will not be cancellable under the DM Regulations but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under the DM Regulations if the borrower does not receive the prescribed information at the prescribed time, or in any event for certain unsecured lending.

Where the credit agreement is cancellable under the DM Regulations, the borrower may send notice of cancellation at any time before the end of the 14th calendar day beginning with the day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the borrower receives the last of the prescribed information. Compliance with the DM Regulations may be secured by way of injunction (interdict in Scotland), granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, *inter alia*, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

If the borrower cancels the credit agreement under these DM Regulations, then:

- (a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if: (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the Borrower); and
- (c) any security provided in relation to the contract is to be treated as never having had effect in respect of the cancelled agreement.

If a significant portion of the Loans are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of those amounts, affecting the Issuer's ability to make payments in full on the Notes when due.

Laws Relating to Unfair Contract Terms (Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015)

In the UK, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), and (insofar as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, the "**UTCCR**"), apply to business-to-consumer agreements made on or after 1 July 1995 and before 1 October 2015 where the terms have not been individually negotiated (and the "consumer" for these purposes falls within the definition provided in the UTCCR). The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015. In respect of contracts that: (a) were entered into on or after 1 October 2015; or (b) were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the CRA, the CRA applies. The CRA is also applicable on or after 1 October 2015 to notices of variation, such as variation of interest rates under contracts. The UTCCR and the CRA provide that a consumer (which would include a Borrower under all or almost all of the Loans) may challenge a standard term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA, as applicable, and, therefore, not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair. Further, for all regulated mortgage lenders, the FCA's Consumer Duty (fully in force for all products since July 2024) raises the standard applicable to these requirements by imposing an overarching obligation to avoid foreseeable consumer harm, including through the use of unfair or imbalanced contractual terms, and to ensure that contractual terms support good consumer outcomes.

The UTCCR and the CRA will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal (provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention), but may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees.

For example, if a term permitting the lender to vary the interest rate (as the Seller is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee (such as the Issuer), to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender. Any such set-off may adversely affect the Issuer's ability to make payments on the Notes.

The lead enforcement body for the UTCCR was the OFT before 1 April 2014, and is the Competition and Markets Authority (the "CMA") from 1 April 2014. The qualifying body in relation to regulated mortgage contracts and mortgage loans originated by lenders authorised under FSMA is the FCA.

The FCA's MCOB requires that, for Regulated Mortgage Contracts (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears, and (b) from 25 June 2010, the borrower's payments are allocated first towards paying off the balance of any payment shortfall, excluding any interest or charges on that balance. In January 2012, the FSA published finalised guidance entitled "Unfair contract terms: improving standards in consumer contracts", which largely reiterated and clarified its previous guidance. This guidance sets out the FCA's interpretation of Schedule 2 to the 1999 Regulations (which gives an indicative and non-exhaustive list of terms which may be regarded as unfair), explaining that terms which allow a firm to unilaterally vary the terms of its contract are less likely to be unfair if, *inter alia*, (i) there is a valid reason which is specified in the contract, or (ii) in relation to variations to interest rates and other charges specifically, the term provides that the variation will be for a "valid reason" (which may not be specified in the contract) and the contract provides for the firm to give the consumer notice at the earliest opportunity thereafter and the consumer is free to dissolve the contract immediately. The guidance states that FCA might consider a valid reason for changing an interest rate to be one which allows the lender: (a) to respond proportionately to changes in general law or decisions of the Financial Ombudsman Service; (b) to meet new regulatory requirements; (c) to reflect new industry guidance and codes of practice which raise standards of consumer protection; (d) to respond proportionately to changes in the Bank of England base rate, other specified market rates or indices or tax rates; or (e) to reflect other legitimate cost increases or reductions associated with providing a particular product or service. As of 1 April 2013, the FCA has had the power to enforce the UTCCR in relation to Regulated Mortgage Contracts originated by lenders authorised under the FSMA.

The May 2005, January 2007 and January 2012 guidance (the "**Previous Guidance**") were removed from the FCA's website because they no longer reflect the FCA's current view on unfair contract terms. In July 2015, the CMA issued a guidance note on unfair contract terms in the CRA, which applies to any contracts entered into on or after 1 October 2015. However, the July 2015 guidance makes it clear that the CRA generally carries forward rather than changes the substance of the protections provided to consumers under earlier legislation and the Previous Guidance. More recently, in January 2026, the CMA published draft updated guidance, and a draft technical note, on unfair contract terms under the CRA, reflecting its enhanced enforcement powers under the Digital Markets, Competition and Consumers Act 2024 (see below). The CMA now has the power to issue "infringement notices" and impose direct financial penalties of up to 10% of a firm's global annual turnover for the use of unfair contract terms, without the prior requirement for court intervention.

On 19 December 2018, the FCA published guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG 18/7), outlining factors the FCA considers firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the CJEU. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms. The factors that the FCA considers to be indicative of fairness and transparency of a variation term include whether the consumer

has freedom to exit the contract, in the case of an unfavourable variation, and whether the variation is reasonably necessary to achieve a legitimate purpose.

The CRA

The main provisions of the CRA came into force on 1 October 2015. The CRA created a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR for contracts entered into on or after 1 October 2015. The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015 and introduced a new regime for dealing with unfair contractual terms. Under the CRA, an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (which would include a Borrower under all or almost all of the Loans). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair, it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract" although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately. The CRA also expressly states that in proceedings by consumers, the court is required to consider the fairness of a term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. A term of a consumer contract which is not on the "grey list" may not be assessed for fairness to the extent that (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it; provided it is transparent and prominent. Where a term of a consumer contract is "unfair", it will not bind the consumer. However, the remainder of the contract will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

Regulatory Developments

In July 2019, the FCA and the Competition and Markets Authority (the "CMA") entered into a memorandum of understanding in relation to consumer protection (the "MoU 2019") which replaced the original memorandum of understanding entered into between the FCA and the CMA on 12 January 2016. The MoU 2019 states that the CMA may consider fairness, but will not usually expect to do so, where the firm concerned is an authorised firm or an appointed representative under FSMA. Further, the MoU 2019 states that the FCA will consider "fairness" within the meaning of the CRA and the UTCCR, of standard terms, and within the meaning of CRA of negotiated terms, in financial services contracts issued by authorised firms or appointed representatives, when such firms or representatives are undertaking any regulated activity (as specified in Part II of the RAO) in the UK and within the meaning of the Consumer Protection from Unfair Trading Regulations 2008 of commercial practices in financial services and claims management services of an authorised firm or appointed representative. In the MoU 2019, 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission. The FCA's consideration of fairness under the CRA, UTCCR and Consumer Protection from Unfair Trading Regulations 2008 (the "CPUTR") will include contracts for mortgages and the selling of mortgages. Although a new memorandum of understanding between the CMA and the FCA has been published in 2024, in light of the Digital Markets, Competition and Consumers Act 2024, the guidance outlined in MoU 2019 with respect to the CRA and UTCCR remains.

The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA Handbook) explains the FCA's policy on how it uses its formal powers under the CRA in relation to unfair terms and the CMA published guidance

on the unfair terms provisions in the CRA (the "**CMA Guidance**"). However, as noted below, CMA guidance is being refreshed in light of the DMCCA (as defined below). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR". The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the EU particularly, is for the most part as relevant to the Act as it was the UTCCRs".

In general, there is little reported case law on the UTCCR and/or the CRA and the interpretation of each is open to some doubt. The extremely broad and general wording of the UTCCR and the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR and the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

Consumer Protection from Unfair Trading Regulations 2008 and the Digital Markets, Competition and Consumers Act 2024

In May 2008, the UK implemented the EU Directive (2005/29/EC) on unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**") in the form of the CPUTR. The CPUTR prohibit certain commercial practices related to business-to-consumer transactions which are deemed "unfair" within the terms of the CPUTR. Specifically, the CPUTR prohibit misleading actions, misleading omissions, aggressive practices and commercial practices which contravene professional diligence. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but may be an indication of unfairness under the CRA and may constitute a criminal offence punishable by a fine and/or imprisonment.

The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. Under the Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014), consumers were given a direct right of action for misleading or aggressive commercial practices, including a right to unwind agreements.

In addition, the Unfair Practices Directive is taken into account in reviewing rules under the FSMA. For example, MCOB rules for Regulated Mortgage Contracts from 25 June 2010 prevent the lender from (a) repossessing the mortgaged property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or conversion to interest only for a period, or an alternative product, and (b) automatically capitalising a payment shortfall.

On 24 May 2024 the Digital Markets, Competition and Consumers Bill received royal assent, becoming the Digital Markets, Competition and Consumers Act 2024 ("**DMCCA**"). The DMCCA revokes the CPUTR and recreates their effect, with minor amendments (Part 4 of the DMCCA), prohibiting unfair commercial practices in business to consumer relationships. In addition to some minor amendments to the CPUTR rules, the new regime introduces new rules on consumer reviews, drip pricing and consumer vulnerability. In addition, the DMCCA largely replicates the list of specified banned practices contained in the CPUTR and creates new powers to expand the list of automatically unfair practices. Under the DMCCA, the unfair commercial practices regime, along with all other consumer protection legislation, becomes subject to a new enforcement regime under which the CMA enjoys new direct enforcement powers, which operates in parallel with a court-based enforcement regime.

The new unfair commercial practices regime established by the DMCCA applies to acts or omissions which took place on or after 6 April 2025. The CMA took its first formal enforcement action under the DMCCA on 15 April 2026 for what it deemed to be unfair online pricing practice (drip pricing). It cannot be excluded that the new rules and enforcement regime under the DMCCA will have an adverse impact on the Loans, for further information please refer to the section entitled "*Risk Factors - Consumer Protection from Unfair Trading Regulations 2008*".

Mortgage repossessions

There is a pre-action protocol for repossessions based on mortgage or home purchase plan arrears in respect of residential property in England and Wales. The protocol sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders including the Seller have confirmed

that they will delay the initiation of legal action for at least three months after a borrower, who is an owner-occupier, is in arrears (As part of its Mortgage Charter commitment NBS currently delay the actual repossession of the property a minimum of 12 months from the first missed payment). The application of such a moratorium is subject to the wishes of the relevant borrower and may not apply in cases of fraud. MCOB rules for regulated mortgage contracts require that a firm must not repossess the property unless all other reasonable attempts to resolve the position have failed.

The Mortgage Repossessions (Protection of Tenants etc.) Act 2010 ("**Repossession Act**") came into force on 1 October 2010. The Repossession Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order. The Repossession Act may have adverse effects in markets experiencing above average levels of possession claims.

The Mortgages Tailored Support Guidance provided that from 1 April 2021, subject to any relevant government restrictions on repossessions, lenders may enforce repossession as long as they act in accordance with the Mortgages Tailored Support Guidance, MCOB 13 and relevant regulatory and legislative requirements. The Mortgages Tailored Support Guidance provided that action to seek possession should be a last resort and should not be started unless all other reasonable attempts to resolve the position have failed. It further states that mortgage lenders must also establish and implement clear, effective and appropriate policies and procedures for the fair and appropriate treatment of borrowers whom the lender understands, or reasonably suspects, to be particularly vulnerable. The FCA makes clear in the guidance that it expects lenders owner-occupied mortgage loans to act in a manner consistent with these requirements. On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA considers that the Mortgages Tailored Support Guidance published on 25 March 2021 which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicated that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA indicated that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment.

On 10 April 2024, the FCA published a policy statement titled "*Strengthening protections for borrowers in financial difficulty: Consumer credit and mortgages*" (PS24/2) and the related Consumer Credit and Mortgages (Tailored Support) Instrument 2024 (FCA 2024/7). It also published FG24/2: "*Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living*". The FCA stated that they wanted to build on the Mortgages Tailored Support Guidance and provide a stronger framework for lenders to protect customers facing payment difficulties by incorporating relevant aspects of the Mortgages Tailored Support Guidance for Consumer Credit, Mortgages and Overdrafts into the FCA Handbook and introduce further targeted changes. For mortgages, the FCA have changed their guidance to allow lenders more scope to capitalise payment shortfalls where appropriate and to improve disclosure for all customers in payment shortfall. The new rules came into force on 4 November 2024 and the Mortgages Tailored Support Guidance was withdrawn on the same date. As noted above, in July 2025, the FCA released a policy statement (PS 25/11) which confirmed the retirement of FG24/2.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Loans, including further amending and extending the scope of the above guidance.

Home Owner and Debtor Protection (Scotland) Act 2010

The Home Owner and Debtor Protection (Scotland) Act 2010 (the "**2010 Act**") came into effect in Scotland on 30 September 2010. Part 1 of the 2010 Act contains provisions imposing additional requirements on heritable creditors (the Scottish equivalent to mortgagees) in relation to the enforcement of standard securities over residential property in Scotland. In terms of the 2010 Act, the heritable creditor is now required to obtain a court order to exercise its power of sale, unless the borrower and any other occupier have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps (including the service of a "calling up" notice on the Borrower followed by the expiry of a two month period thereafter) to resolve the borrower's position, as well as imposing further procedural requirements.

Financial Ombudsman Service

Under the FSMA, the Ombudsman is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code issued by the Council of Mortgage Lenders occurring before the Mortgage Regulation Date may be dealt with by the Ombudsman.

Complaints brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Financial Ombudsman Service is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a complaining Borrower, it is not possible to predict how any future decision of the Financial Ombudsman Service would affect the ability of the Issuer to make payments to Noteholders.

In March 2019, the FCA published Policy Statement PS19/8 entitled "*Increasing the award limit for the Financial Ombudsman Service*". New rules were introduced with effect from 1 April 2019 which increased the maximum level of compensation which can be awarded by the Ombudsman from £150,000 to (i) £350,000 for complaints about acts or omissions by firms on or after 1 April 2019 and (ii) £160,000 for complaints about acts or omissions by firms before 1 April 2019 and which are referred to the Ombudsman after that date. Additionally, the compensation limit will be automatically adjusted each year for inflation from 1 April 2020 onwards.

Policy Statement PS25/19 discusses the FCA's plans to improve the complaints reporting process for consumers. As at 1 April 2026, the maximum award limits are: (a) £455,000 for complaints referred to the Ombudsman on or after 1 April 2026 about acts or omissions by firms on or after 1 April 2019; and (b) £205,000 for complaints referred to Ombudsman on or after 1 April 2026 about acts or omissions by firms before 1 April 2019.

The Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a complaining Borrower.

Land Registration Reform in Scotland

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") came into force in Scotland on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

Title to a residential property that is recorded in the General Register of Sasines is required to be moved to the Land Register of Scotland (a process known as "first registration") when that property is sold or if the owner decides voluntarily to commence first registration. However, the 2012 Act sets out, additional circumstances which will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which would extend to any standard security granted by the Issuer in favour of the Trustee over Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, following a transfer to the Issuer of legal title to the Scottish Loans and their Related Security pursuant to the Mortgage Sale Agreement (a "**Scottish Sasine Sub-Security**")) or (ii) the recording of an assignation of a standard security (which would extend to any assignation granted by the Seller in favour of the Issuer in respect of Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Mortgage Sale Agreement following a transfer to the Issuer of legal title to the Scottish Loans and their Related Security pursuant to the Mortgage Sale Agreement (a "**Scottish Sasine Transfer**")).

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016. As of this date, the General Register of Sasines is now closed to the recording of standard securities. However, despite the provisions of the 2012 Act mentioned above, for the time being other deeds such as assignations of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines.

If a transfer to the Issuer of legal title to the Scottish Loans and their Related Security occurs, then an application to record a Scottish Sasine Sub-Security in relation to Scottish Mortgages in the Portfolio (following the transfer of legal title to such Scottish Mortgages by way of a Scottish Sasine Transfer) will trigger a first registration in the Land Register of Scotland of the underlying Scottish Mortgaged Properties.

If at any time subsequent to the Closing Date the General Register of Sasines becomes closed to assignments of standard securities under the same legislative provisions this would have a similar impact on the registration of Scottish Sasine Transfers executed following the transfer of legal title to the Scottish Loans and their Related Security to the Issuer being perfected in accordance with the Mortgage Sale Agreement. In both cases there would be the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

The number of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (Registers of Scotland estimate that in April 2026 around 88.2 per cent. of functional property titles in Scotland were registered in the Land Register of Scotland). It is therefore likely that, in relation to the Scottish Mortgages comprised in the Portfolio, only a minority will be recorded in the General Register of Sasines and therefore the risks outlined above would likely only impact a small number of Scottish Loans in the Portfolio.

Breathing Space Regulations

Under the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium (England and Wales) Regulations 2020 (the "**Breathing Space Regulations**") (which came into force in England and Wales on 4 May 2021), an individual may apply for a moratorium (either a breathing space moratorium or mental health crisis moratorium) in respect of 'qualifying debt'. A debtor may only enter into a breathing space moratorium whilst receiving debt advice (from a debt advice provider authorised to provide debt counselling under article 39E of the RAO or a local authority) and potentially entering into a debt solution.

Breathing spaces will end either (a) 60 days from the date it started; (b) the day after a debt adviser or court cancels it; or (c) if the debtor dies during the breathing space period. In this case, the breathing space ends on the day after the debtor died.

In addition, in circumstances where the debtor is suffering from a mental health crisis, the debtor themselves or mental health professionals may apply to debt advisors for a mental health breathing space. This will end 30 days after the debtor's mental health crisis treatment ended, or 30 days after the date a debt adviser had no response after asking for confirmation from the nominated point of contact about a debtor's ongoing mental health crisis treatment.

A 'qualifying debt' includes any debt or liability other than 'non-eligible debt' (defined in regulation 5(4)) (including, for example, secured debt which does not amount to arrears in respect of secured debt (regulation 5(4)(a)), whether or not it is entered into, or due to be paid or repaid, before the Breathing Space Regulations come into force (regulation 5(2)). This includes any amount that the debtor is liable to pay under or in relation to an order or warrant for possession of the debtor's place of residence (regulation 3(a)). Accordingly, arrears amounts on mortgage agreements and arrears in rental payments would constitute "qualifying debt". Interest can still be charged on the principal secured debt during the breathing space period, but not on the arrears. Any mortgage arrears incurred during any breathing space period are not protected from creditor action. The Borrower must continue to make mortgage payments in respect of any mortgage secured against its primary residence (save in respect of arrears accrued prior to the moratorium) during the breathing space period, otherwise the relevant debt adviser may cancel the breathing space period.

A moratorium includes protection from creditor action for most personal debts, including financial services debt, household bill arrears and most public sector debts. The FCA have confirmed in CP20/21 (published in October 2020) that, based on government policy proposals, breathing space protections are not extended to mortgage payments of the principal and interest, but they do extend to payment of mortgage arrears which are not capitalised at the date of the application under the Breathing Space Regulations.

The Breathing Space Regulations impose obligations on consumer credit lenders, mortgage lenders and other regulated firms, to comply with the restrictions and obligations imposed by the moratorium on collection and enforcement of debts and application of interest and other charges. This may impact the

Loans insofar as these include arrears amounts on mortgage agreements, which will be within scope of breathing spaces. No enforcement action may be taken in respect of these arrears amounts for the duration of a breathing space. Additionally, tenants of rented properties are protected from evictions for the duration of a breathing space – however, the debtor needs to meet their ongoing rent obligation (the ongoing obligation to pay rent constitutes a new payment obligation incurred during the breathing space, and therefore is not a "qualifying debt" – only rental arrears fall within the scope of the Breathing Space Regulations). If payments in respect of ongoing obligations are not made, the debt adviser may elect to cancel the standard breathing space.

In February 2021, the FCA issued a policy statement (PS21/1) on the application of the Breathing Space Regulations, in which they confirm that no changes are currently being made to the rules under MCOB, in relation to how mortgage lenders should treat a "breathing space" as an indicator of payment difficulties.

The FCA's view is that this is something that firms should take into account, but should not be treated more specifically than other potential indicators of payment difficulties

Under the Bankruptcy (Scotland) Act 2016, eligible individuals are afforded similar legal protections to the standard of breathing space moratorium available under the Breathing Space Regulations, albeit the moratorium period of 6 months is longer than in England and Wales and there is no accommodation for mental health crisis. The Scottish Parliament has however passed The Bankruptcy and Diligence (Scotland) Act 2024 which permits regulations to be made for the introduction of a similar form of mental health moratorium in Scotland as currently exists under the Breathing Space Regulations. The timescale for the introduction of the regulations on the proposed mental health moratorium is currently unknown.

FCA response to the cost of living crisis

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 (the "**Mortgages Tailored Support Guidance**"), which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. The (now revoked) Mortgages Tailored Support Guidance confirmed the FCA's expectation that action to seek possession should be a last resort.

In March 2023, the FCA published guidance addressing support for borrowers in light of the rising cost of living, including its finalised "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living" (FG23/2). This guidance clarified that the Mortgages Tailored Support Guidance remained relevant in the case of borrowers in financial difficulty due to the rising cost of living, and further stated that the purpose of this finalised guidance was not to set new expectations or requirements of lenders, but was to ensure that lenders are clear about the effect of the FCA rules and the range of options lenders have to support their customers including those who are facing higher interest rates alongside the rising cost of living. The FCA consulted on plans to incorporate aspects of the Mortgages Tailored Support Guidance into its MCOB and Consumer Credit (CONC) sourcebooks following CP23/13. In April 2024, the FCA published PS24/2 which confirmed that the FCA would be incorporating relevant aspects of the Mortgages Tailored Support Guidance for Consumer Credit, Mortgages and Overdrafts into the FCA Handbook and updated and replaced FG23/2 with FG24/2 which took effect from 4 November 2024. In May 2025, the FCA released a consultation paper (CP 25/11) which proposes to retire FG24/2 on the basis that it restates FCA handbook requirements which are underpinned by the Consumer Duty. The consultation closed on the 4 June 2025. Subsequently, in July 2025, the FCA released a policy statement (PS 25/11) which confirmed the retirement of FG24/2. As a consequence, the rising cost of living could exacerbate numerous risks in respect of the Notes and in this respect see "*Yield and Prepayment Considerations*", "*Default by Borrowers in paying amounts due on their Mortgage Loans*", "*Issuer reliance on other third parties*", and "*Social, legal, political and economic factors may affect payments under the Notes and the Certificates and repayment of the Notes and are unpredictable*" in particular, however the overall consequences of the rising cost of living are not known at this stage.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Loans. The ultimate impact of the consequences of the rising cost of living is uncertain and may pervade over time and may adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

Mortgage Charter

On 26 June 2023, the HM Treasury published the 'Mortgage Charter' in light of the current pressures on households following interest rate rises and the cost-of-living crisis. The Mortgage Charter states that the UK's largest mortgage lenders and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the Mortgage Charter).

With the effect on and from June 2023, the FCA has amended the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB) to allow (rather than require) lenders to give effect to the MC Interest only Agreement and the MC Extension Agreement. The amendments made by the FCA do not apply to second ranking mortgages or bridging loans. The FCA announced that it intends to review the impact of the rule changes within 12 months.

The Mortgage Charter is voluntary and adhering to it will be a decision for lenders to make individually. NBS is a signatory to the Mortgage Charter. The commitments included in the Mortgage Charter include:

These commitments include:

- not to force a borrower to leave their home without their consent, unless in exceptional circumstances, in less than a year from their first missed payment;
- to allow customers to lock in a new deal up to 6 months ahead of the end of a fixed rate deal, and to request a better like-for-like deal up until the new one starts, if one is available
- without assessing affordability, to permit customers who are up to date with their payments to switch to interest-only payments for 6 months, or to extend their mortgage term with the option to revert to their original term within 6 months.

The FCA confirmed in a letter to Government on 9 December 2025 that they consider the Government can now safely retire the Mortgage Charter to reduce duplication and reporting.

FCA Consumer Duty

The FCA has published final rules on the introduction of a new consumer duty on regulated firms (the "**Consumer Duty**"), which sets a higher level of consumer protection in retail financial markets. The FCA published its final rules on the Consumer Duty in July 2022, which provided that the Consumer Duty applied from 31 July 2023 for products and services that remain open to sale or renewal and from 31 July 2024 for closed products and services. The Consumer Duty applies to the regulated activities and ancillary activities of all firms authorised under the FSMA.

There are three main elements to the Consumer Duty, comprising a consumer principle, that "a firm must act to deliver good outcomes for the retail customers of its products", cross-cutting rules supporting the consumer principle and four outcomes relating to the quality of firms' products and services, price and value, consumer understanding and consumer support.

The Consumer Duty applies not only at origination of a product but throughout its subsistence (so in the case of a mortgage loan, throughout the period the mortgage loan is outstanding). The cross-cutting rules include an obligation to avoid causing foreseeable harm to the retail customer and the outcomes include an obligation to ensure that the product (for example, a mortgage loan) provides fair value to the retail customer. These obligations (as with the remainder of the Consumer Duty) must be assessed on a regular basis throughout the life of the product.

The Consumer Duty applies in respect of Regulated Mortgage Contracts (as well as loans falling within the consumer credit regime). It applies to product manufacturers and distributors, which include FCA-authorized purchasers of in-scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty does not apply retrospectively, the FCA require authorised firms to apply the Consumer Duty to existing products on a forward-looking basis. Under the cross-cutting rules which form part of the Consumer Duty requirements there is more onus on firms to act in good faith when they identify matters which have the potential to cause customers potential harm. This increases the type and extent of remedial activity which the Servicer is expected to undertake.

In October 2024, the FCA issued the "FCA strategy for Building Societies in 2025" portfolio letter setting out its key concerns and priorities in 2025. This included emphasising that in their engagement with

building societies, they will focus on certain priority areas, which includes Consumer Duty and the treatment of customers in financial difficulty. The FCA has outlined the expectation that building societies must embed the Consumer Duty, to act to deliver better outcomes for retail customers, and flagged the Consumer Duty as a cornerstone of the FCA strategy to set and test higher standards going forward.

In addition, in March 2026, the FCA included a report on mortgages when publishing its nine annual regulatory priorities reports. It noted priorities as follows: improving customer outcomes by means of the Mortgage Rule Review; encouraging responsible lending and supporting mortgage borrowers in financial difficulty; and ensuring the quality of mortgage advice.

The Consumer Duty is a fully embedded regulatory requirement. Given the FCA's stated priority of tackling "avoidable harm" for customers in financial difficulty, there is an ongoing risk that the Servicer may be required to undertake proactive remediation, adjust interest rate margins, or waive certain fees where they are deemed inconsistent with the Consumer Duty.

Interest Only Mortgages

The FCA has committed to reviewing its interest only guidance published in August 2013, following the market data and research it published in August 2023. It worked with an Industry Working Group to assist in its review, which resulted in five meetings throughout 2024. The group discussed the current and potential impact of prudential requirements for firm decision making for past term interest-only accounts and reviewed existing FCA guidance in light of, amongst other things, firms' experiences with interest-only borrowers and the Consumer Duty. The group also considered how the standards set by the Consumer Duty moved matters beyond the guidance. In its July 2025 policy statement (PS25/11), the FCA retired existing guidance FG 13/7 relating to maturing interest-only mortgages on the basis that the same borrower protection is provided under existing rules and/or the Consumer Duty.

Potential effects of any additional regulatory changes

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the UK generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

INFORMATION ON THE SELLER STANDARD VARIABLE RATE

The below table provides information on how the Seller Standard Variable Rate has changed each month since 29 January 2016, as compared to each of the Bank of England Base Rate and SONIA Reference Rate at the relevant time, in order to allow an assessment of the Seller Standard Variable Rate in relation to other market rates.

"Bank of England Base Rate" means the rate as advised from time to time by the Monetary Policy Committee of the Bank of England.

"SONIA" means the Sterling Overnight Index Average (not compounded) at the relevant date.

"Seller Standard Variable Rate" means any variable mortgage rate set by NBS by reference to the general level of interest rates and competitor rates in the UK mortgage market and, as at the Closing Date, is 6.31 per cent. per annum.

Date	NBS Standard Variable Rate (%)	Bank of England Base Rate (%)	SONIA (%)
29/01/2016	5.99	0.50	0.45
29/02/2016	5.99	0.50	0.45
31/03/2016	5.99	0.50	0.41
30/04/2016	5.99	0.50	0.46
31/05/2016	5.99	0.50	0.45
30/06/2016	5.99	0.50	0.20
31/07/2016	5.99	0.50	0.16
31/08/2016	5.99	0.25	0.20
30/09/2016	5.99	0.25	0.16
31/10/2016	5.99	0.25	0.20
30/11/2016	5.99	0.25	0.20
31/12/2016	5.99	0.25	0.16
31/01/2017	5.99	0.25	0.21
28/02/2017	5.99	0.25	0.30
31/03/2017	5.99	0.25	0.17
30/04/2017	5.99	0.25	0.31
31/05/2017	5.99	0.25	0.21
30/06/2017	5.99	0.25	0.19
31/07/2017	5.99	0.25	0.20
31/08/2017	5.99	0.25	0.21
30/09/2017	5.99	0.25	0.20
31/10/2017	5.99	0.25	0.21
30/11/2017	5.99	0.50	0.46
31/12/2017	5.99	0.50	0.41
31/01/2018	5.99	0.50	0.47
28/02/2018	5.99	0.50	0.46
31/03/2018	5.99	0.50	0.44
30/04/2018	5.99	0.50	0.45
31/05/2018	5.99	0.50	0.45
30/06/2018	5.99	0.50	0.44
31/07/2018	5.99	0.50	0.45
31/08/2018	5.99	0.75	0.70
30/09/2018	5.99	0.75	0.70
31/10/2018	5.99	0.75	0.70
30/11/2018	5.99	0.75	0.70
31/12/2018	5.99	0.75	0.70
31/01/2019	5.99	0.75	0.70
28/02/2019	5.99	0.75	0.71
31/03/2019	5.99	0.75	0.70
30/04/2019	5.99	0.75	0.71

Information on the Seller Standard Variable Rate

Date	NBS Standard Variable Rate (%)	Bank of England Base Rate (%)	SONIA (%)
31/05/2019	5.99	0.75	0.71
30/06/2019	5.99	0.75	0.71
31/07/2019	5.99	0.75	0.71
31/08/2019	5.99	0.75	0.71
30/09/2019	5.99	0.75	0.71
31/10/2019	5.99	0.75	0.71
30/11/2019	5.99	0.75	0.71
31/12/2019	5.99	0.75	0.71
31/01/2020	5.99	0.75	0.71
29/02/2020	5.99	0.75	0.71
31/03/2020	5.99	0.10	0.07
30/04/2020	5.99	0.10	0.07
31/05/2020	5.99	0.10	0.07
30/06/2020	5.99	0.10	0.06
31/07/2020	5.99	0.10	0.06
31/08/2020	5.99	0.10	0.05
30/09/2020	5.99	0.10	0.05
31/10/2020	5.99	0.10	0.05
30/11/2020	5.99	0.10	0.05
31/12/2020	3.96	0.10	0.04
31/01/2021	3.96	0.10	0.05
28/02/2021	3.96	0.10	0.05
31/03/2021	3.96	0.10	0.05
30/04/2021	3.96	0.10	0.05
31/05/2021	3.96	0.10	0.05
30/06/2021	3.96	0.10	0.05
31/07/2021	3.96	0.10	0.05
31/08/2021	3.96	0.10	0.05
30/09/2021	3.96	0.10	0.05
31/10/2021	3.96	0.10	0.05
30/11/2021	3.96	0.10	0.05
31/12/2021	3.96	0.25	0.19
31/01/2022	3.96	0.25	0.20
28/02/2022	3.96	0.50	0.45
31/03/2022	3.96	0.75	0.69
30/04/2022	3.96	0.75	0.69
31/05/2022	3.96	1.00	0.94
30/06/2022	3.96	1.25	1.19
31/07/2022	3.96	1.25	1.19
31/08/2022	3.96	1.75	1.69
30/09/2022	3.96	2.25	2.19
31/10/2022	4.91	2.25	2.18
30/11/2022	4.91	3.00	2.93
31/12/2022	4.91	3.50	3.43
31/01/2023	4.91	3.50	3.43
28/02/2023	4.91	4.00	3.93
31/03/2023	4.91	4.25	4.18
30/04/2023	5.19	4.25	4.18
31/05/2023	5.19	4.50	4.43
30/06/2023	5.19	5.00	4.93
31/07/2023	5.94	5.00	4.93
31/08/2023	5.94	5.25	5.19
30/09/2023	6.94	5.25	5.19
31/10/2023	6.94	5.25	5.19
30/11/2023	6.94	5.25	5.19

Information on the Seller Standard Variable Rate

Date	NBS Standard Variable Rate (%)	Bank of England Base Rate (%)	SONIA (%)
31/12/2023	6.94	5.25	5.19
31/01/2024	6.94	5.25	5.19
29/02/2024	6.94	5.25	5.19
31/03/2024	6.94	5.25	5.19
30/04/2024	6.94	5.25	5.20
31/05/2024	6.94	5.25	5.20
30/06/2024	6.94	5.25	5.20
31/07/2024	6.94	5.25	5.20
31/08/2024	6.94	5.00	4.95
30/09/2024	6.94	5.00	4.95
31/10/2024	6.94	5.00	4.95
30/11/2024	6.94	4.75	4.70
31/12/2024	6.94	4.75	4.70
31/01/2025	6.94	4.75	4.70
28/02/2025	6.94	4.50	4.46
31/03/2025	6.94	4.5	4.46
30/04/2025	6.75	4.5	4.46
31/05/2025	6.75	4.25	4.21
30/06/2025	6.75	4.25	4.22
31/07/2025	6.50	4.25	4.22
31/08/2025	6.50	4.00	3.97
30/09/2025	6.50	4.00	3.97
31/10/2025	6.50	4.00	3.97
30/11/2025	6.50	4.00	3.97
31/12/2025	6.50	3.75	3.73
31/01/2026	6.50	3.75	3.73
28/02/2026	6.31	3.75	3.73
31/03/2026	6.31	3.75	3.73
30/04/2026	6.31	3.75	3.73
31/05/2026	6.31	3.75	3.73
30/06/2026	6.31	3.75	3.73
31/07/2026	6.31	3.75	3.73

THE SERVICER AND THE SERVICING AGREEMENT

The Servicer

Under the Servicing Agreement, NBS will be appointed as the Servicer of the Loans together with their Related Security.

NBS is an entity which is subject to prudential, capital and liquidity regulation in the UK and it has well documented and adequate policies, procedures and risk management controls relating to the servicing of mortgage loans. Such policies, procedures and risk management controls have been assessed and confirmed by the FCA and the PRA in the UK.

This section describes the Servicer's administration procedures based on the current NBS mortgage servicing policies. The Servicer will administer the Loans and their Related Security in the Portfolio in accordance with its policies applicable from time to time, but subject to the terms of the Servicing Agreement. For a description of the Servicer's obligations under the Servicing Agreement, see *"The Servicing Agreement"*.

Under the terms of the Servicing Agreement, NBS as Servicer will covenant to service the Loans in the Portfolio as if the same had not been sold to the Issuer but had remained on the books of NBS and in accordance with NBS's procedures and servicing and enforcement policies as they apply to the Loans from time to time. As such, NBS as Servicer will service the Loans in the Portfolio in the same way as comparable mortgage loans which are not included in the Portfolio.

Administration Procedures

Administration procedures include:

- Managing of Mortgage Accounts in arrears;
- Issuing redemption statements, processing lump sum payments and early redemption fees;
- Collecting and distributing title deeds and any supporting documents as well as storage of deeds;
- Processing transfers of titles, notices of death, forfeitures, renunciations and irritancies of leases, sale and exchange of land, account conversions, term amendments, deed amendments, compensation and enforcement notices;
- Dealing with all types of transactions posting and refunding fees, setting up direct debits and payment date changes;
- Dealing with all customer correspondence on other aspects of mortgages once the loan is drawn down, including changes in customer details and changes on the customer mortgage, i.e. product, repayment etc; and
- Notifying Borrowers of changes to interest rates applicable to the loans.

Payment of Interest and Principal

Pursuant to the terms and conditions of the Loans, Borrowers must pay the monthly amount required under the terms and conditions of the Loans on or before each monthly instalment due date, within the month they are due. Interest accrues in accordance with the terms and conditions of each Loan and is collected from Borrowers monthly.

Payments are monthly in arrear and payments of all Loans are payable in the month that they are due.

Collections

Payments by Borrowers in respect of amounts due under the Loans will be made into the agency collection account held by the Seller (the "**Sub-Collection Account**") at the Collection Account Bank which will then be transferred by the Seller to the collection account held by it (the "**Collection Account**") with the Collection Account Bank.

Amounts credited to the Collection Account from (and including) the Closing Date that relate to the Loans will be identified on a daily basis (each such aggregate daily amount, a "**Daily Loan Amount**") and the Seller will transfer an amount equal to the Daily Loan Amount from the Collection Account into the Transaction Account by the next Business Day after that Daily Loan Amount is identified as received in the Collection Account.

Collections received by the Servicer in respect of the Loans from (but excluding) the Provisional Cut-Off Date to (and including) the Closing Date (the "**Interim Collections**") will be identified by the Servicer and the Seller shall transfer or procure the transfer of all such amounts to the Transaction Account. Such amounts shall be credited to the Transaction Account on the next Business Day after the Closing Date and on any other subsequent date if the Servicer subsequently identifies any further Interim Collections which were not transferred to the Transaction Account one Business Day after the Closing Date.

The Issuer will become a beneficiary of a trust previously declared by the Seller over the Sub-Collection Account and the Collection Account by way of an accession deed (the "**Collection Accounts Declaration of Trust Accession Deed**"). Pursuant to the Collection Accounts Declaration of Trust as supplemented by the Collection Accounts Declaration of Trust Accession Deed, the Issuer's share of the capital of the trust on any date shall be in an amount equal to the proportion of the trust property which is calculated as $(A \times B)$ where "**A**" is an amount equal to the aggregate of the balances of the Collection Account and the Sub-Collection Account and "**B**" is the New Beneficiary Trust Share Percentage.

Borrowers are required to make payments in Sterling by standing order, faster payments, cash, direct debit or cheque unless otherwise agreed. However, direct debits may be returned unpaid after the due date for payment and, under the Direct Debit Indemnity Scheme, a Borrower may make a claim at any time to his or her bank for a refund of direct debit payments. Similarly, cheques may be returned unpaid by the Borrower's bank.

In each case, the Servicer will be permitted to reclaim from the Transaction Account the corresponding amounts previously credited. If a direct debit is returned unpaid in these circumstances, the usual arrears procedures described in "*The Servicer and the Servicing Agreement – Administration Procedures Arrears and default procedures*" will be taken.

Arrears and Default Procedures

Arrears and default of borrowers, debt restructuring, forbearance, losses, recoveries and other asset performance remedies and actions are defined in accordance with the Seller's procedures and arrears and possession policies as they apply to the Loans from time to time.

The Seller identifies a Loan as being in arrears where any amount remains unpaid on its due payment date. Borrowers then become subject to collection activity by the Servicer.

Procedure for Loans

If a Loan is in arrears the Seller will follow the following procedures:

- (a) within seven calendar days of a missed payment/payment shortfall telephone contact is attempted during the day via any contact telephone numbers held on the system for the Borrower;
- (b) the Borrower is also contacted by letter;
- (c) if the Borrower does not engage or no agreement has been achieved and the account becomes one month in arrears, arrears letters are issued;
- (d) the system identifies further defaults;
- (e) further action is taken in the form of telephone and letters; and
- (f) cases that are at least two full months of payments outstanding (or one month in exceptional cases, for instance, repeat arrears), where no reasonable payment arrangement can be made, are given notice of intention to take legal proceedings and the Servicer may appoint an LPA receiver (in respect of English Loans and their Related Security only).

The Servicing Agreement

The following section contains an overview of the material terms of the Servicing Agreement. The overview does not purport to be complete and is subject to the provisions of the Servicing Agreement.

The parties to the Servicing Agreement to be entered into on or about the Closing Date will be the Issuer, the Trustee, the Seller, the Back-Up Servicer Facilitator and the Servicer.

On the Closing Date, NBS (in such capacity, the "**Servicer**") will be appointed by the Issuer under the Servicing Agreement as its agent to administer the Loans and their Related Security that it will sell to the Issuer in its capacity as Seller. The Servicer will undertake to comply with any proper directions and instructions that the Issuer and/or the Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement. The Servicer will be required to administer the Loans and their Related Security in the following manner:

- (a) in accordance with the Servicing Agreement; and
- (b) as if the Loans and Mortgages had not been sold to the Issuer but remained with the Seller and in accordance with the Seller's procedures and administration and enforcement policies as they apply to the Loans from time to time.

The Servicer's actions in administration of the Loans in accordance with its procedures and the Servicing Agreement will be binding on the Issuer. The Servicer will also be appointed by the Seller under the Servicing Agreement to be its agent to administer the Loans and their Related Security in the making of any Further Advances and/or Product Switches. For instance, the Servicer shall, on behalf of the Seller, make offers to Borrowers and accept applications from Borrowers.

The Servicer may, in some circumstances, delegate or subcontract some or all of its responsibilities and obligations under the Servicing Agreement. However, the Servicer will remain liable at all times for the administration of the Loans and for the acts or omissions of any delegate or subcontractor.

Powers

Subject to the guidelines for administration set forth above, each Servicer will have the power, *inter alia*:

- (a) to exercise the rights, powers and discretions of the Issuer in relation to the Loans and their Related Security and to perform its duties in relation to the Loans and their Related Security; and
- (b) to do or cause to be done any and all other things which it reasonably considers necessary or convenient or incidental to the administration of the Loans and their Related Security or the exercise of such rights, powers and discretions.

Undertakings by the Servicer

The Servicer will undertake, in relation to the Loans and their Related Security that the Seller has sold to the Issuer, among other things, that it will:

- (a) administer the relevant Loans and their Related Security as if the same had not been sold to the Issuer but had remained on the books of the Seller and in accordance with the Seller's policies (including any administration and enforcement policies as they apply to the Loans from time to time);
- (b) provide the services to be undertaken by it under the Servicing Agreement in such manner and with the same level of skill, care and diligence as would a Prudent Mortgage Lender;
- (c) comply with any proper directions, orders and instructions which the Issuer and/or the Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement and, in the event of any conflict, those of the Trustee shall prevail;
- (d) maintain all approvals, authorisations, permissions, consents and licenses required for itself in connection with the performance of its duties under the Servicing Agreement, and prepare and submit on a timely basis all necessary applications and requests for any further approvals,

authorisations, permissions, consents and licenses required for itself in connection with the performance of its duties under the Servicing Agreement;

- (e) allocate to the Issuer and the Seller, office space, facilities, equipment and staff sufficient to fulfil the obligations of the Issuer and the Seller under the Servicing Agreement;
- (f) not knowingly fail to comply with any legal requirements in the performance of its duties under the Servicing Agreement;
- (g) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim but subject to any deductions required by law;
- (h) collect payments on the Loans and discharging Loans and the Related Security upon redemption;
- (i) not without the prior written consent of the Trustee amend or terminate any of the Transaction Documents in any material respect except in accordance with their terms; and
- (j) forthwith upon becoming aware of any event which may reasonably give rise to an obligation of the Seller to repurchase any Loan pursuant to the Mortgage Sale Agreement, notify the Issuer and the Seller in writing of such event;
- (k) deal with Further Advances and Product Switches, in accordance with the provisions of the Mortgage Sale Agreement, the Mortgage Conditions and the Servicing Agreement; and
- (l) assist the auditors of the Issuer and provide information to them upon reasonable prior written request.

Compensation of the Servicer

The Servicer will receive a Servicing Fee for servicing the Loans. The Issuer will pay the Servicer its Servicing Fee which shall be calculated in relation to each Interest Period on the basis of the number of days elapsed and a 365-day year (or 366 day year in a leap year) of 0.2 per cent. per annum (inclusive of VAT) on the aggregate Current Balance of the Loans which the Seller has sold to the Issuer comprising the Portfolio as at the opening of business on the first day of the preceding Collection Period. The Servicing Fee is payable quarterly in arrear on each Interest Payment Date only to the extent that the Issuer has sufficient funds in accordance with the Pre-Enforcement Revenue Priority of Payments to pay them. Any unpaid balance will be carried forward until the next Interest Payment Date and, if not paid earlier, will be payable in full on the Final Maturity Date or on any earlier date on which an Enforcement Notice is served by the Trustee on the Issuer.

Removal or Resignation of the Servicer

If any of the following events (each a "**Servicer Termination Event**") shall occur:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document and such default continues unremedied for a period of thirty Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied; or
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or any other Transaction Document, which in the opinion of the Trustee is materially prejudicial to the interests of the Most Senior Class of Noteholders (which determination shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of:
 - (i) the Servicer becoming aware of such default; or
 - (ii) receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied,

provided however that where the relevant default and receipt of notice of such default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 30 Business Days, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Issuer or (following service of an Enforcement Notice) the Trustee may in its absolute discretion specify to remedy such default or to indemnify the Issuer and/or the Trustee against the consequences of such default;

- (c) a Servicer Insolvency Event occurs in relation to the relevant Servicer (in this context, "**Servicer Insolvency Event**" has, for so long as the Seller is the Servicer, the same meaning as Seller Insolvency Event (as defined in "*The Portfolio - Sale of the Portfolio under the Mortgage Sale Agreement*" above but any reference in that definition to the Seller shall be deemed to be replaced with a reference to the Servicer),

then (prior to the delivery of an Enforcement Notice and with the prior written consent of the Trustee) the Issuer or (after delivery of an Enforcement Notice) the Trustee (in the case of (a) or (b)) may, at once or at any time thereafter while such default continues, and (in the case of (c)) shall, at once, by notice in writing to the Servicer terminate its appointment as Servicer under the Servicing Agreement with effect from a date (not earlier than the date of the notice) specified in the notice, provided that a substitute Servicer has been appointed and such appointment to be effective not later than the date of such termination.

Subject to the fulfilment of a number of conditions (including the appointment of a substitute Servicer), a Servicer may voluntarily resign by giving not less than 12 months' notice to the Issuer and the Trustee, provided that a substitute Servicer has been appointed and such appointment to be effective not later than the date of such termination. The substitute Servicer is required to have experience of administering mortgages in the UK and to enter into a Servicing Agreement with the Issuer and the Trustee substantially on the same terms as the relevant provisions of the Servicing Agreement.

If the appointment of the Servicer is terminated, the Servicer must deliver the Title Information Documents and Loan Files relating to the Loans and Related Security to, or at the direction of, the Issuer.

Where a substitute Servicer is appointed following the occurrence of a Servicer Termination Event, or following the voluntary resignation by the Servicer, the Issuer's costs and expenses associated with the transfer of administration to the substitute Servicer (the "**Transfer Costs**") will be paid by the Seller. Where the Seller fails to pay such Transfer Costs, the Issuer shall pay such Transfer Costs in accordance with the Pre-Enforcement Revenue Priority of Payments.

The Servicing Fee payable to a substitute Servicer will be agreed by the Issuer and the substitute Servicer prior to its appointment.

Right of Delegation by the Servicer

The Servicer may subcontract or delegate the performance of its duties under the Servicing Agreement, provided that it meets particular conditions, including that:

- (a) the Issuer consents to the proposed subcontracting or delegation;
- (b) written notification has been given to each of the Rating Agencies;
- (c) where the arrangements involve the custody or control of any Title Information Documents and Loan Files, the subcontractor or delegate has executed a written acknowledgement that those Title Information Documents and Loan Files are and will be held to the order of the Issuer and the Trustee;
- (d) where the arrangements involve or may involve the receipt by the subcontractor or delegate of moneys belonging to the Issuer which are to be paid into the Transaction Account, the subcontractor or delegate has executed a declaration that any such moneys are held on trust for the Issuer and will be paid forthwith into the Transaction Account;
- (e) the subcontractor or delegate has executed a written waiver of any security interest arising in connection with the delegated services;

- (f) the Issuer and the Trustee have no liability for any costs, charges or expenses in relation to the proposed subcontracting or delegation; and
- (g) the subcontractor or delegate has confirmed that it has and will maintain all approvals required for itself in connection with the fulfilment of its obligations under the agreement with the Servicer.

The provisos set out in paragraphs (a) and (b) above (among others) will not be required in respect of any delegation to (i) a wholly-owned subsidiary of NBS from time to time or (ii) persons such as receivers, lawyers or other relevant professionals.

Trust over Insurance Policies and Buildings Insurance Policies

The Seller irrevocably undertakes to hold, and declares that it holds, on trust the benefit of Insurance Policies, the Buildings Insurance Policies and any proceeds in respect thereof (the "**Trust Property**") to the order of the Issuer absolutely. Any amounts received in respect of such Trust Property shall be transferred by the Seller to the Transaction Account within two (2) Business Days of its identification by the Seller.

The Seller shall not, and shall not purport to, retire as trustee of the Trust Property without the prior written consent of the Issuer.

The trust declared over the Trust Property under the terms of the Servicing Agreement shall cease absolutely and be wound up on the Final Discharge Date.

The perpetuity period for the purposes of the declaration of trust over the Trust Property shall be the period of 125 years from the date of the Servicing Agreement.

Information Covenants

The Servicer will, on or before each Servicer Reporting Date:

- (a) on or before each Servicer Reporting Date make available to the Issuer and the Cash Manager the Servicer Report; and
- (b) prepare on behalf of the Issuer the Bank of England Information in the required format.

Setting of interest rates on the Loans

Pursuant to the Servicing Agreement, the Issuer grants the Servicer, who shall act in accordance with the Mortgage Loan Agreements and the Mortgage Conditions, full right, liberty and authority to determine and set the interest rates applicable to the Loans which have been sold to the Issuer and which have not at the relevant date of determination been repurchased by the Seller. The Servicer may not at any time, without the prior written consent of the Issuer and, following the delivery of an Enforcement Notice, the Trustee, set or maintain:

- (a) the Issuer Variable Rate applicable to any Variable Rate Loans in the Portfolio at rates which are higher than (although they may be equal to) the then prevailing Seller Standard Variable Rate; or
- (b) any other discretionary rate or margin in respect of any other Loan in the Portfolio which is higher than (although it may be equal to) the interest rate or margin of the Seller, which applies to that type of Loan beneficially owned by the Seller outside the Portfolio.

The Servicer has agreed to take all reasonable steps necessary under the Mortgage Conditions and applicable law to notify Borrowers of each change in interest rates, whether due to a change in the Issuer Variable Rate or any other rate or margin (including any such change effected at the request of the Issuer) or as a consequence of the Mortgage Conditions. The Servicer will also notify the Issuer and the Trustee of any change in the Issuer Variable Rate

Any of the Issuer and, following the delivery of an Enforcement Notice, the Trustee may terminate the authority of the Servicer to set the interest rates applicable to Loans included in the Portfolio in certain limited circumstances set out in the Servicing Agreement including upon the occurrence of any Servicer Termination Event (as described above).

Liability of the Servicer

The Servicer has agreed to indemnify each of the Issuer and the Trustee on an after tax basis against all losses, liabilities, claims, expenses or damages incurred as a result of negligence, fraud or wilful default by the Servicer in carrying out its functions as Servicer under the Servicing Agreement or any other Transaction Document to which it is party or as a result of a breach by the Servicer of the terms of the Servicing Agreement or the other Transaction Documents to which it is party (in such capacity).

Replacement Collection Account Bank

Upon the occurrence of an Insolvency Event in respect of the Collection Account Bank, the Servicer will immediately notify the Issuer and the Trustee of such occurrence and shall, in accordance with the terms of the Servicing Agreement, use commercially reasonable endeavours to open a replacement collection account in the name of the Seller with a different entity.

Back-Up Servicer Facilitator

Under the Servicing Agreement, upon the occurrence of a Servicer Termination Event and the termination of the appointment of the Servicer, in accordance with the provisions of the Servicing Agreement, or following the resignation of the Servicer, the Back-Up Servicer Facilitator shall use best endeavours to identify, on behalf of the Issuer or (after the service of an Enforcement Notice) the Trustee, a suitable successor servicer in accordance with the terms of the Servicing Agreement, which process shall be commenced by no later than 10 Business Days after the Back-Up Servicer Facilitator became aware of the service of a termination notice by the Issuer or resignation notice by the Servicer. The Back-Up Servicer Facilitator shall use its reasonable endeavours to procure that a replacement Servicer meeting the requirements set out in the Servicing Agreement is appointed within 30 calendar days of the occurrence of the applicable Servicer Termination Event or resignation. The Servicer shall continue to provide the duties under the Servicing Agreement until a replacement Servicer is appointed in accordance with the terms of the Servicing Agreement.

Governing law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with the Servicing Agreement are governed by English law.

KEY STRUCTURAL FEATURES

Credit Enhancement and Liquidity Support

The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of features of the transaction which enhance the likelihood of timely receipt of payments by the Noteholders, as follows:

- Available Revenue Receipts are expected to exceed the interest due and payable on the Notes and all other items ranking in priority to such amounts in the Priorities of Payments;
- a Revenue Deficiency on any Interest Payment Date may be funded by applying amounts standing to the credit of the General Reserve Fund and a Remaining Revenue Deficiency on any Interest Payment Date may (subject to certain conditions) be funded by applying Principal Receipts;
- prior to the delivery of an Enforcement Notice, payments of interest on the Class B Notes will be subordinated to payments of interest on the Class A Notes;
- prior to the delivery of an Enforcement Notice, the payment of principal on the Class A Notes and the Class B Notes in Sequential Order;
- following the delivery of an Enforcement Notice, payments of interest and principal on the Class B Notes will be subordinated to payments of interest and principal on the Class A Notes;
- the deferral of interest payments on the Class B Notes where the Issuer has insufficient proceeds;
- losses allocable to the Notes in the Principal Deficiency Ledger will be firstly to the Class B Principal Deficiency Sub-Ledger, secondly to the Class A Principal Deficiency Sub-Ledger;
- the Transaction Account earns interest at a rate which may be agreed from time to time and amounts credited to the Transaction Account may be invested in Authorised Investments; and
- the Issuer will enter into the Swap Agreement to hedge against the possible variance between the fixed interest rates due and payable by Borrowers on the Relevant Fixed Rate Loans and the floating rate interest payments in respect of the Class A Notes.

For the purposes of this paragraph and where used elsewhere in this Prospectus, "**Sequential Order**" means, in respect of payments of principal to be made prior to the delivery of an Enforcement Notice to the Class A Notes and Class B Notes, firstly to the Class A Notes and secondly to the Class B Notes.

Each of these factors is considered in more detail below.

Credit Support for the Notes provided by Available Revenue Receipts

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing and after taking into account the hedging arrangements under the Swap Agreement, be sufficient so that the Available Revenue Receipts will be sufficient to pay items (a) to (e) (inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any excess will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Loans in the Portfolio (as to which, see the section entitled "*Key Structural Features – Credit Enhancement and Liquidity Support – Basis Risk for the Notes*") and the performance of the Portfolio.

Available Revenue Receipts may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any Principal Deficiency Ledger entries (which may arise from (i) Losses on the Portfolio or (ii) the application of Principal Receipts to cover previous Remaining Revenue Deficiencies).

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments and provisions required to be met in priority to item (g) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish and increase the General Reserve Fund up to and including an amount equal to the General Reserve Required Amount.

Liquidity support provided by use of General Reserve Fund and Available Principal Receipts to fund Revenue Deficiency and Remaining Revenue Deficiency

On each Calculation Date, the Cash Manager will determine whether Available Revenue Receipts (excluding any amounts referred to in items (e), (g) and (h) of the definition of "Available Revenue Receipts") are sufficient to pay or provide for payment of items (a) to (f) inclusive of the Pre-Enforcement Revenue Priority of Payments. To the extent that such Available Revenue Receipts are insufficient to pay items (a) to (f) inclusive of the Pre-Enforcement Revenue Priority of Payments in full (the amount of any deficit being a "**Revenue Deficiency**"), the Cash Manager will, on the relevant Interest Payment Date and on behalf of the Issuer, pay or provide for such Revenue Deficiency by applying amounts standing to the credit of the General Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments.

If, following the application of amounts withdrawn from the General Reserve Fund, the Cash Manager determines that the application of Available Revenue Receipts (excluding any amounts referred to in items (g) and (h) of the definition of "Available Revenue Receipts") would be insufficient to pay or provide for the Revenue Deficiency in respect of only items (a) to (e) inclusive of the Pre-Enforcement Revenue Priority of Payments (the amount of any such deficit being a "**Remaining Revenue Deficiency**"), the Cash Manager will on the relevant Interest Payment Date and on behalf of the Issuer, pay or provide for such Remaining Revenue Deficiency by applying Principal Receipts (if any) in respect of only items (a) to (e) inclusive of the Pre-Enforcement Revenue Priority of Payments by applying Principal Receipts (if any) in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments.

Payment of the Notes in Sequential Order and deferral of interest payments on the Notes

Payments of interest on the Class B Notes will be subordinated to payments of interest on the Class A Notes. The payment of principal on the Class A Notes and the Class B Notes will be made in Sequential Order.

Any shortfall in payments of interest on the Class B Notes will be deferred until the next Interest Payment Date and this will not constitute an Event of Default. On the next Interest Payment Date, the amount of interest scheduled to be paid on the Class B Notes will be increased to take account of any deferral of such amounts. The deferral process will continue until the Final Maturity Date of the Notes, at which point, all such deferred amounts (including interest thereon) will become due and payable. However, if there is insufficient money available to the Issuer to pay interest on the Class B Notes, then the Class B Noteholders may not receive all interest amounts.

It is not intended that any surplus will be accumulated in the Issuer, other than, for the avoidance of doubt, the Issuer Profit Amount and amounts standing to the credit of the General Reserve Ledger up to the General Reserve Required Amount.

Principal Deficiency Ledger

On each Calculation Date, the Cash Manager will determine (i) the amount of Losses on the Portfolio which is allocable to the Notes, and (ii) the amount applied to pay any Remaining Revenue Deficiency in full under limb (a) of the Pre-Enforcement Principal Priority of Payments.

A Principal Deficiency Ledger, comprising two sub-ledgers (one relating to each Class of Notes), will be established on the Closing Date in order to record any Losses on the Portfolio and the application of any Principal Receipts under limb (a) of the Pre-Enforcement Principal Priority of Payments to meet any Remaining Revenue Deficiency.

Losses or debits recorded on the Class A Principal Deficiency Sub-Ledger shall be recorded in respect of the Class A Notes. Losses or debits recorded on the Class B Principal Deficiency Sub-Ledger shall be recorded in respect of the Class B Notes.

Losses and the amount of any Principal Receipts applied to fund a Remaining Revenue Deficiency will be recorded as a debit to the Principal Deficiency Ledger as follows:

- (a) *first*, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and

- (b) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes.

Amounts allocated to the Principal Deficiency Ledger shall be reduced to the extent of Available Revenue Receipts available for such purpose on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments as follows:

- (a) *first*, to the Class A Principal Deficiency Sub-Ledger to reduce the debit balance to zero; and
- (b) *second*, to the Class B Principal Deficiency Sub-Ledger to reduce the debit balance to zero.

Available Revenue Receipts allocated as described above will be recorded as accredited to the Principal Deficiency Ledger and applied in or towards redemption of the relevant Class of Notes as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

Transaction Account

If, at any time (i) both the short term issuer default rating (or deposit rating, if assigned) of the Issuer Account Bank is downgraded to less than F1 by Fitch and the long term issuer default rating (or deposit rating, if assigned) of the Issuer Account Bank is downgraded to less than A by Fitch; or (ii) the long-term bank deposits rating of the Issuer Account Bank is downgraded below a rating of A3 by Moody's or a short-term issuer default rating of at least P1 by Moody's (or (in each case) such other short term or long term rating which is otherwise acceptable to the relevant Rating Agency) (the "**Issuer Account Bank Required Minimum Rating**"), the Issuer will be required, in order to maintain the ratings of the Class A Notes at their then current rating, within 60 days of breach, to either (a) close the Transaction Account and each Swap Collateral Account and procure that all amounts standing to the credit thereof are transferred by, or on behalf of, the Issuer to accounts held with a financial institution which satisfies the Issuer Account Bank Required Minimum Rating (the "**Replacement Account Bank**"), or (b) procure that a guarantee of the Issuer Account Bank's obligations under the Account Bank Agreement is obtained from a financial institution which satisfies the Issuer Account Bank Required Minimum Rating, or (c) obtain a Ratings Confirmation or procure that the Issuer Account Bank takes such other actions as may be reasonably requested by the parties to the Account Bank Agreement to ensure that the rating of the Class A Notes immediately prior to the breach is not adversely affected by the breach.

In relation to limb (a) above, if where taking into account the then prevailing market conditions, the Issuer determines it is not practical to agree terms substantially similar to those set out in the Account Bank Agreement and the Issuer certifies in writing to the Trustee, that such terms are reasonable commercial terms taking into account the then prevailing current market conditions, a replacement agreement may be entered into without the consent of Noteholders on such reasonable commercial terms and the Trustee shall be entitled to rely absolutely on such certification without any liability to any person for so doing (notwithstanding that the fee payable to the Replacement Account Bank may be higher). The Trustee shall not be obliged to agree to any such arrangements if to do so would, in its sole opinion, have the effect of (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee in the Transaction Documents and/or the Conditions.

All monies held by the Issuer will be deposited in the Transaction Account in the first instance. The Transaction Account is maintained with the Issuer Account Bank. The Issuer Account Bank has agreed to pay interest at a rate which may be agreed from time to time in respect of sums in the Transaction Account. The Issuer may invest sums standing to the credit of the Transaction Account in Authorised Investments.

Swap Agreement

The interest rate on the Loans in the Portfolio is payable by reference, or linked, to the Seller Standard Variable Rate, (or the Issuer Variable Rate, as the case may be) and certain fixed rates. However, the interest rate payable by the Issuer with respect of the Notes is an amount calculated by reference to a Compounded Daily SONIA in respect of each Interest Payment Date commencing on the First Interest Payment Date.

To hedge against the possible variance between:

- (a) various fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and

- (b) the floating rate of interest payable on the Class A Notes,

the Issuer will, on or about the Closing Date, enter into the Swap Agreement with the Swap Provider, being an agreement in the form of a 2002 ISDA Master Agreement (together with a Schedule and Swap Credit Support Annex thereto) and a swap confirmation documenting the fixed rate swap transaction thereunder. The Swap Agreement is not designed to provide a perfect hedge for the Fixed Rate Loans included in the Portfolio or eliminate all risks associated with the mismatch between rates payable in respect of such Fixed Rate Loans and interest rates in respect of the Notes. However, the Fixed Rate Swap Transaction is intended to cover a major share of the interest rate risk present in the context of the Notes.

Cashflows under the Fixed Rate Swap Transaction

The Swap Agreement will govern the terms of the fixed rate swap transaction relating to the Relevant Fixed Rate Loans (the "**Fixed Rate Swap Transaction**").

Under the Fixed Rate Swap Transaction, the following amounts will be calculated in respect of each Interest Payment Date:

- (a) the amount produced by applying Compounded Daily SONIA plus Spread (each as defined under the Swap Agreement) in respect of the corresponding Interest Period ending on that Interest Payment Date to the notional amount of the Fixed Rate Swap Transaction (the "**Swap Notional Amount**"), such amount to be calculated on the basis of the day count fraction specified in the Fixed Rate Swap Transaction (the "**Swap Provider Amount**"); and
- (b) the amount (the "**Issuer Amount**") equal to the product of (i) the weighted average interest rate (by current balance) applicable on the Relevant Fixed Rate Loans and (ii) the Swap Notional Amount, such amount to be calculated on the basis of the day count fraction specified in the Fixed Rate Swap Transaction.

The Swap Notional Amount in respect of each calculation period thereunder will be equal to the aggregate of the Current Balances (calculated, for each calculation period, at the end of the calendar month immediately preceding such calculation period) of the Fixed Rate Loans in the Portfolio that do not have three or more monthly payments due and unpaid by a Borrower (the "**Relevant Fixed Rate Loans**").

After the Swap Provider Amounts and the Issuer Amounts are calculated in respect of the Fixed Rate Swap Transaction in relation to an Interest Payment Date, the following payments will be made on or in respect of that Interest Payment Date: (i) if the relevant Issuer Amount is greater than the relevant Swap Provider Amount, then the Issuer will pay an amount equal to the difference between the two to the Swap Provider and (ii) if the relevant Swap Provider Amount is greater than the relevant Issuer Amount, then the Swap Provider will pay an amount equal to the difference between the two to the Issuer; **provided that** if (i) is negative for the relevant calculation period, the Issuer will be required to pay the Swap Provider the absolute value of such amount. If (i) is equal to (ii), then neither the Issuer nor the Swap Provider will be required to make a payment under the Fixed Rate Swap Transaction.

If a payment is to be made by the Swap Provider (other than payments to be credited to a relevant Swap Collateral Account), that payment will be included in the Available Revenue Receipts and will be applied on the relevant Interest Payment Date according to the relevant Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the relevant Priority of Payments or the Swap Collateral Account Priority of Payments (as applicable).

Termination of the Swap Agreement

The Swap Agreement may be terminated early in, *inter alia*, the following circumstances (each, a "**Swap Early Termination Event**"):

- (a) if there is a failure by a party to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if a breach of a provision of the Swap Agreement by the Swap Provider is not remedied within the applicable grace period;
- (c) if a material misrepresentation is made by the Swap Provider under the Swap Agreement;

- (d) if a change of law results in the obligations of one of the parties (or, in the case of the Swap Provider, its credit support provider, if applicable) becoming illegal;
- (e) if certain force majeure events occur and result in one of the parties being prevented from performing its obligations, receiving payments or complying with any material provision of the Swap Agreement;
- (f) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Swap Agreement;
- (g) upon the occurrence of certain insolvency events in relation to any of the parties to the Swap Agreement or, in the case of the Swap Provider, its credit support provider (if applicable);
- (h) the occurrence of a merger of the Swap Provider (or its credit support provider, if applicable) without an assumption of the obligations under the Swap Agreement or the relevant credit support document (as applicable);
- (i) if the Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement and described below in "*Key Structural Features – Ratings Downgrade of Swap Provider*";
- (j) if there is a redemption of the Class A Notes pursuant to Conditions 9.3 (*Optional Redemption in whole*), 9.4 (*Optional Redemption in whole for taxation reasons*) or 9.5 (*Optional Redemption in whole upon the occurrence of an Illegality Event*) of the Notes or for any other reason other than in accordance with Condition 9.1 (*Final Redemption*) or with the prior consent of the Swap Provider;
- (k) if the Trustee serves an Enforcement Notice on the Issuer pursuant to Condition 13.2 (*Delivery of Enforcement Notice*) of the Notes; or
- (l) the Issuer sells some or all of the Fixed Rate Loans in the Portfolio;
- (m) the beneficial title to and interest in the entire Portfolio of Loans is sold by the Issuer; or
- (n) if any amendment, modification, supplement, waiver or consent (a "**Proposed Amendment**") is made to any Transaction Document or the Conditions without the Swap Provider's prior written consent and such Proposed Amendment would have the effect, in each case in the opinion of the Swap Provider, acting in good faith: (1) that immediately thereafter, the Swap Provider would be required to pay more or to receive less from a third-party transferee if it were to transfer each of the Transactions to such third-party transferee than would otherwise be the case if such Proposed Amendment was not made, (2) of altering the amount, timing or priority of any payments or deliveries due from the Issuer to the Swap Provider or from the Swap Provider to the Issuer (as applicable), (3) of altering the status of the Swap Provider as a Secured Creditor, (4) of altering the Secured Obligations owed to the Swap Provider or altering the terms of the Security such that it affects the Swap Provider, (5) of resulting in an amendment or waiver that affects the Swap Provider of the undertakings of the Issuer as set out in the Transaction Documents related to a refinancing of the Notes or the sale, transfer or disposal of the assets of the Issuer in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date or (6) of altering any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter..

Upon the occurrence of a Swap Early Termination Event either the Issuer or the Swap Provider may be liable to make a termination payment to the other party. This termination payment will be calculated and made in Sterling. The amount of any termination payment will be based on any outstanding unpaid amounts and the losses, costs or gains that the determining party would realise in replacing or providing for the economic equivalent of the material terms of the terminated transaction(s), including the payments and deliveries by the parties thereunder that would have been required but for the occurrence of such termination **provided that** if a Swap Early Termination Event occurs where the Swap Provider is (i) the sole Affected Party in respect of an Additional Termination Event (as defined in the Swap Agreement); or (ii) the Defaulting Party in respect of an Event of Default (as defined in the Swap Agreement), the termination payment shall instead be based on the market value of each Fixed Rate Swap Transaction under the Swap Agreement, computed in accordance with the Swap Agreement, generally on the basis of market quotations

of the cost of entering into a replacement swap transaction with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties. Any termination payment due from the Issuer to the Swap Provider (after netting such amount against the value of any Swap Collateral in respect of the Swap Agreement) will, subject to the terms set out in the section entitled "*Replacement upon early termination*" below, be made in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. Any such termination payment could be substantial.

If a Swap Termination Event has occurred in respect of which the Swap Provider is the Defaulting Party or Affected Party (in each case as defined in the Swap Agreement) and the Issuer enters into a replacement swap agreement, the Issuer will apply any termination payment it receives from a termination of the Swap Agreement first to purchase a replacement swap in accordance with the Swap Collateral Account Priority of Payments and to the extent that the Issuer receives a premium under any replacement swap, such premium shall first be used in or towards the replacement swap agreement, and second to make any termination payment due to the outgoing Swap Provider under the related terminated swap in accordance with the Swap Collateral Account Priority of Payments. Other than a Swap Collateral Account Surplus (if any), any such termination payment or premium received by the Issuer will not be available to meet the Issuer's obligations on the Notes or under the Transaction Documents.

Ratings Downgrade of Swap Provider

If, at any time following the Closing Date, the short-term or long-term, unsecured and unsubordinated debt obligations of the Swap Provider (and any credit support provider from time to time in respect of the Swap Provider), as applicable, are downgraded by a Rating Agency below the required ratings specified in "*Triggers Tables–Rating Triggers Table*" for the Swap Provider (and any credit support provider from time to time in respect of the Swap Provider, as applicable), the Swap Provider will be required to take certain remedial measures as described in "*Triggers Tables–Rating Triggers Table*". A failure to take such steps, in certain circumstances, will allow the Issuer to terminate the Swap Agreement.

Taxation

The Issuer is not obliged under the Swap Agreement to gross up payments made by it if withholding taxes are imposed on payments made under the Swap Agreement.

The Issuer is required to give certain payer tax representations and has agreed to deliver certain tax forms if requested, to the Swap Provider. Provided that the Issuer gives accurate representations and complies with the obligation to provide such forms, the Swap Provider is obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made by it to the Issuer under the Swap Agreement. The imposition of withholding taxes on payments made by the Swap Provider or the Issuer under the Swap Agreement will constitute a Tax Event (as defined in the Swap Agreement) and will give the Swap Provider a right to terminate the Swap Agreement subject to the terms thereof.

The Issuer shall repay the amount of any Swap Tax Credits in relation to the Swap Agreement directly to the Swap Provider in accordance with the Swap Collateral Account Priority of Payments rather than the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments.

Governing Law

The Swap Agreement and any non-contractual obligations arising out of or in connection with the Swap Agreement will be governed by English law.

Replacement of the Swap Agreement

Replacement upon early termination

In the event that the Swap Agreement is terminated prior to its scheduled termination date, and prior to the service of an Enforcement Notice or the redemption in full of all outstanding Notes, the Issuer shall use its reasonable efforts to enter into a replacement swap agreement. There can be no assurance that the Issuer will be able to enter into a replacement swap agreement or, if one is entered into, as to the terms of the replacement swap agreement or the credit rating of the replacement swap provider.

Depending on the circumstances prevailing in the market at the time, the Issuer or the replacement swap provider may be liable to make a payment to the other in order to enter into a replacement swap agreement (such payment, a "**Replacement Swap Premium**"). If a Replacement Swap Premium is payable by the replacement swap provider to the Issuer, any such amount received by the Issuer to the extent required to fund the entry into a replacement Fixed Rate Swap Transaction will be credited to the relevant Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments. If a Replacement Swap Premium is payable by the Issuer to the replacement swap provider, the Issuer may not have sufficient funds standing to the credit of to the relevant Swap Collateral Account in order to make such payment in accordance with the Swap Collateral Account Priority of Payments and therefore may be unable to enter into a replacement swap agreement.

Swap Credit Support Annex

On or around the Closing Date, the Swap Provider will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Issuer (the "**Swap Credit Support Annex**") in support of the obligations of the Swap Provider under the Swap Agreement. Pursuant to the terms of the Swap Credit Support Annex, if at any time the Swap Provider is required to provide collateral in respect of any of its obligations under the Swap Agreement, such Swap Credit Support Annex will provide that, from time to time, subject to the conditions specified in the Swap Credit Support Annex and the Swap Agreement, the Swap Provider will make transfers of collateral to the Issuer in respect of its obligations under the Swap Agreement and the Issuer will be obliged to return such collateral in accordance with the terms of the Swap Credit Support Annex. In addition, and without prejudice to its obligation to deliver collateral to the Issuer in circumstances set out in the Swap Credit Support Annex, the Swap Provider has agreed to transfer collateral to the Issuer on the Closing Date (the "**Closing Date Swap Collateral**"). The Closing Date Swap Collateral will consist of interest-bearing negotiable sovereign debt securities issued by the UK denominated in Sterling.

Swap Collateral

In the event that the Swap Provider is required to transfer collateral to the Issuer in respect of its obligations under the Swap Agreement in accordance with the terms of the Swap Credit Support Annex, that collateral (and any interest, income and/or distributions earned thereon) will be credited to the relevant Swap Collateral Account and credited to the ledger maintained by the Cash Manager pursuant to the Cash Management Agreement to record the balance from time to time of swap collateral (the "**Swap Collateral Ledger**"). In addition, upon any early termination of the Swap Agreement or novation of the Swap Provider's obligations under the Swap Agreement to a replacement swap provider, amounts or securities or proceeds of such securities standing to the credit of any Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) will be applied as set out below.

Amounts or securities or proceeds of such securities standing to the credit of any Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the Swap Collateral Ledger will not be available for the Issuer or the Trustee to make payments to the Secured Creditors generally, but shall be applied by the Cash Manager or other agent of the Issuer (acting on the instructions of the Issuer), only in accordance with the following provisions (the "**Swap Collateral Account Priority of Payments**"):

- (a) to pay an amount equal to any Swap Tax Credits received by the Issuer to the Swap Provider as soon as reasonably practicable after receipt by the Issuer of such amounts;
- (b) prior to the designation of an Early Termination Date (as defined in the Swap Agreement) in respect of the Swap Agreement, solely in or towards payment of any Return Amounts, Interest Amounts and Distributions (as defined in the Swap Credit Support Annex), on any day, directly to the Swap Provider in accordance with the terms of the Swap Credit Support Annex;
- (c) following the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Provider is the Defaulting Party or an Additional Termination Event (as defined in the Swap Agreement) resulting from a ratings downgrade of the Swap Provider and (B) the Issuer enters into a replacement swap agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such replacement swap agreement is entered into and the day on

which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:

- (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being terminated or novated; and
 - (ii) *second*, in or towards payment of any termination payment due to the outgoing Swap Provider; and
 - (iii) *third*, the surplus (if any) (a "**Swap Collateral Account Surplus**") on such day to be transferred to the Transaction Account;
- (d) following (1) the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at items (c)(A) above and (B) the Issuer enters into a replacement swap agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement or (2) any novation of the Swap Provider's obligations to a replacement swap provider, on the later of the day on which such replacement swap agreement is entered into and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
- (i) *first*, in or towards payment of any termination payment due to the outgoing Swap Provider;
 - (ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being terminated or novated; and
 - (iii) *third*, the surplus (if any) (a "**Swap Collateral Account Surplus**") on such day to be transferred to the Transaction Account;
- (e) following the designation of an Early Termination Date in respect of the Swap Agreement for any reason where the Issuer does not enter into a replacement swap agreement in respect of the Swap Agreement on or around the Early Termination Date of such Swap Agreement, on any day, in or towards payment of any termination payment due to the outgoing Swap Provider;
- (f) following payments of amounts due pursuant to (d) above, if amounts remain standing to the credit of a Swap Collateral Account, such amounts may be applied only in accordance with the following provisions:
- (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement; and
 - (ii) *second*, the surplus (if any) (a "**Swap Collateral Account Surplus**") remaining after payment of such Replacement Swap Premium to be transferred to the Transaction Account,

provided that if the Issuer does not enter into a replacement swap agreement with respect to the Swap Agreement on or prior to the earlier of:

- (A) the day that is 14 calendar days prior to the date on which the Principal Amount Outstanding of all Classes of Notes is reduced to zero (other than following the occurrence of an Event of Default pursuant to Condition 13 (*Events of Default*)); or
- (B) the day on which an Enforcement Notice is given pursuant to Condition 13 (*Events of Default*),

then the amount standing to the credit of any Swap Collateral Account on such day shall be a "**Swap Collateral Account Surplus**" and shall be transferred to the Transaction Account as soon as reasonably practicable thereafter.

A Swap Collateral Account in respect of securities will be opened in the name of the Issuer on the Closing Date pursuant to the Custody Agreement and held with the Custodian. A Swap Collateral Account in respect of cash will be opened in the name of the Issuer on the Closing Date pursuant to the Account Bank Agreement and will be held at the Issuer Account Bank. A separate Swap Collateral Account will be established and maintained in respect of each eligible currency and one or more additional Swap Collateral Accounts may be opened in the name of the Issuer and, in respect of Swap Collateral in the form of cash, held at the Issuer Account Bank and, in respect of Swap Collateral in the form of Securities, held at the Custodian from time to time. As security for the payment of all moneys payable in respect of the Notes and the other Secured Obligations, the Issuer will grant a first fixed charge over the Issuer's interest in the Swap Collateral Accounts and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

Subordinated Loan Agreement

On or around the Closing Date, the Issuer and the Subordinated Loan Provider will enter into the Subordinated Loan Agreement, pursuant to which the Subordinated Loan Provider will advance the Subordinated Loan to the Issuer.

Use of Proceeds

The Issuer will apply the proceeds of the Subordinated Loan to (i) establish the General Reserve Fund on the Closing Date, (ii) fund certain fees and expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date; and (iii) pay any amount of Consideration in respect of the Portfolio not paid by the net proceeds from the issue of the Notes.

Interest

The Subordinated Loan will bear interest at a rate of 0.5 per cent. per annum on its outstanding principal balance, which is capitalised and will be repaid as principal in accordance with the applicable Priority of Payments.

Repayment

The Issuer shall, subject to and in accordance with the applicable Priority of Payments, repay the outstanding principal amount of the Subordinated Loan on the Final Maturity Date, to the extent of the available funds.

Governing Law

The Subordinated Loan Agreement and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.

CASHFLOWS AND CASH MANAGEMENT

Cash Management Services

On the Closing Date, the Cash Manager, the Issuer and the Trustee will enter into the Cash Management Agreement. Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer. The Cash Manager's principal function will be effecting payments to and from the Transaction Account and, if applicable, the Swap Collateral Account. In addition, the Cash Manager will, *inter alia*, perform reporting on behalf of the Issuer.

Definition of Revenue Receipts

"**Revenue Receipts**" means:

- (a) payments of interest (including any early repayment fees) and other amounts received by the Issuer in respect of the Loans other than Principal Receipts;
- (b) recoveries of interest from defaulting Borrowers under Loans being enforced;
- (c) recoveries of interest and/or principal from defaulting Borrowers under Loans in respect of which enforcement procedures have been completed; and
- (d) certain fees (which do not fall within paragraph (e) of the definition of "**Principal Receipts**") which have been allocated by the Seller (in accordance with its collection policies) as interest payments and charged by the Servicer in respect of servicing the Loans, which have been charged and repaid by a means other than the Borrower's monthly instalment.

"**Accrued Interest**" means in respect of a Loan as at any date the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the monthly payment date immediately preceding the relevant date to (but excluding) the relevant date.

"**Arrears of Interest**" means as at any date in respect of any Loan, the aggregate of all interest (other than Capitalised Arrears, Capitalised Interest or Accrued Interest) on that Loan which is currently due and payable and unpaid on that date.

"**Available Revenue Receipts**" means, for each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) Revenue Receipts received during the immediately preceding Collection Period, less amounts applied during such Collection Period in making payment of certain moneys which properly belong to third parties such as (but not limited to):
 - (i) payments of certain insurance premiums;
 - (ii) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account (including any amounts required to satisfy any of the obligations and/or liabilities incurred by the Collection Account Bank under the direct debit scheme), any other amounts due to the Collection Account Bank in respect of amounts which are credited to the Collection Account or the Sub-Collection Account but which are subsequently recalled or reversed as an unpaid sum and the Collection Account Bank's fees and charges for the operation of the Collection Account and the Sub-Collection Account;
 - (iii) any amount received from a Borrower at any time (including upon redemption of the relevant Loan) for the express purpose of payment being made to a third party or the Seller for the provision of a service to that Borrower or the Seller,

(items within paragraphs (i), (ii) and (iii) being collectively referred to herein as "**Permitted Withdrawals**"), which amounts may be deducted by the Cash Manager on a daily basis from the Transaction Account to make payment to the Collection Account;

- (b) interest payable to the Issuer on the Transaction Account and income from any Authorised Investments in each case received during the immediately preceding Collection Period;
- (c) amounts received by the Issuer under the Swap Agreement (other than (i) any amounts credited, or to be credited, to any Swap Collateral Account (including, without limitation, any Replacement Swap Premium) which are not Swap Collateral Account Surplus; and (ii) any amount received by the Issuer in respect of Swap Tax Credits on or in respect of such Interest Payment Date);
- (d) any Swap Collateral Account Surplus;
- (e) any amounts standing to the credit of the General Reserve Fund but only:
 - (i) to the extent necessary after applying all Available Revenue Receipts (other than amounts falling within paragraphs (g) and (h) below) to pay any Revenue Deficiency on any Interest Payment Date; and
 - (ii) (without double counting) if the General Reserve Fund Excess Conditions are met, amounts credited to the General Reserve Fund in excess of the General Reserve Required Amount);
- (f) other net income of the Issuer received during the immediately preceding Collection Period, excluding any interest, distributions or redemption or sale proceeds received in respect of amounts standing to the credit of any Swap Collateral Account and without double counting the amounts described in paragraphs (a) to (e) above;
- (g) the amounts (if any) to be applied pursuant to paragraph (a) of the Pre-Enforcement Principal Priority of Payments representing any deficiency in the Available Revenue Receipts under paragraphs (a) to (f) above that is required to pay any Remaining Revenue Deficiency on any Interest Payment Date (up to an amount equal to the Available Principal Receipts on such Interest Payment Date); and
- (h) amounts deemed to be Available Revenue Receipts in accordance with item (d) of the Pre-Enforcement Principal Priority of Payments.

Application of General Reserve Fund Amounts and Principal Receipts to cover Revenue Deficiencies

On each Calculation Date, the Cash Manager shall calculate whether the Available Revenue Receipts (excluding any amounts referred to in items (e), (g) and (h) of the definition thereof) will be sufficient to pay on the relevant Interest Payment Date items (a) to (f) inclusive of the Pre-Enforcement Revenue Priority of Payments.

If the Cash Manager determines that there would be a Revenue Deficiency on an Interest Payment Date, then the Cash Manager (as agent for and on behalf of the Issuer) shall provide for that Revenue Deficiency by applying amounts standing to the credit of the General Reserve Fund as Available Revenue Receipts.

If, following application of amounts standing to the credit of the General Reserve Fund, the Cash Manager determines that there would be a Remaining Revenue Deficiency, then the Cash Manager (as agent for and on behalf of the Issuer) shall provide for such Remaining Revenue Deficiency by applying Principal Receipts (if any) and the Cash Manager shall make a corresponding debit entry in the Principal Deficiency Ledger as described in "*Key Structural Features*" above.

General Reserve Fund and General Reserve Ledger

On the Closing Date, a fund will be established called the General Reserve Fund. The General Reserve Fund will be funded on the Closing Date from the proceeds of the Subordinated Loan in the sum of £5,250,000 (being an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date). The General Reserve Fund will be credited to the Transaction Account. The Issuer may invest the amounts standing to the credit of the Transaction Account in Authorised Investments. See "*Key Structural Features*" above.

The Cash Manager will maintain a ledger pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund (the "**General Reserve Ledger**").

After the Closing Date, the General Reserve Fund will be replenished from Available Revenue Receipts in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments up to the General Reserve Required Amount.

The "**General Reserve Required Amount**" will be (i) on the Closing Date £5,250,000 (being an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date), (ii) on each Interest Payment Date, an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes prior to the application of Available Principal Receipts on such Interest Payment Date **provided that** if the General Reserve Fund Excess Conditions are not satisfied on the Calculation Date immediately preceding the relevant Interest Payment Date, the General Reserve Required Amount shall be such amount as determined on the immediately preceding Interest Payment Date and (iii) upon redemption of the Class A Notes in full, zero.

If the following conditions are met:

- (a) no Event of Default has occurred and is continuing;
- (b) the Class A Principal Deficiency Sub-Ledger will not have a debit balance on the next Interest Payment Date after applying all Available Revenue Receipts (excluding any such amounts under paragraph (e), (g) and (h) of the definition thereof) on that Interest Payment Date;
- (c) as at the date of determination, the aggregate Current Balances of all mortgage loans in the Portfolio that are three or more months in arrears is less than 5 per cent. of aggregate Current Balances of all mortgage loans in the Portfolio; and
- (d) as at the date of determination, the aggregate Losses incurred since the Closing Date are less than 1 per cent. of the total Current Balance of the Portfolio on the Closing Date,

(together, the "**General Reserve Fund Excess Conditions**"), an amount equal to the General Reserve Fund Excess will be used as Available Revenue Receipts added to the other income of the Issuer to determine the amount of Available Revenue Receipts.

"**General Reserve Fund Excess**" means, on any Interest Payment Date, the amount by which the funds standing to the credit of the General Reserve Fund (after deducting any amounts to be applied to eliminate any Revenue Deficiency) exceed the General Reserve Required Amount.

Application of Available Revenue Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer

On each Interest Payment Date prior to the service of an Enforcement Notice by the Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall apply or provide for the Available Revenue Receipts in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable in the immediately succeeding Interest Period to the Trustee or any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts due and payable to the Servicer and any costs, charges, liabilities and expenses then due and payable to the Servicer or any such amount to become due and

- payable to the Servicer in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
- (iii) any amounts due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due and payable to the Cash Manager or any such amount to become due and payable to the Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
 - (iv) any amounts then due and payable to the Issuer Account Bank, any Replacement Account Bank or the Custodian and any fees, costs, charges, liabilities and expenses then due and payable to the Issuer Account Bank, any Replacement Account Bank or the Custodian or any such amount to become due and payable to the Issuer Account Bank, any Replacement Account Bank or the Custodian in the immediately succeeding Interest Period under the provisions of the Account Bank Agreement, any Replacement Account Bank Agreement, the Custody Agreement and the other Transaction Documents, as applicable, together with (if payable) VAT thereon as provided therein;
 - (v) any amounts then due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein; and
 - (vi) any amounts then due and payable to the Corporate Services Provider and any costs, charges, liabilities and expenses then due and payable or to become due and payable in the immediately succeeding Interest Period to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period and any amounts required to pay or discharge any liability of the Issuer to corporation tax (which cannot be met out of amounts retained previously by the Issuer as profit under item (h) below)
 - (d) *fourth*, to pay any amounts due to the Swap Provider under the Swap Agreement (to the extent not satisfied out of amounts standing to the credit of any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments) but excluding any Swap Subordinated Amounts;
 - (e) *fifth*, in or towards payment of interest due and payable on the Class A Notes;
 - (f) *sixth*, to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
 - (g) *seventh*, (so long as the Class A Notes will remain outstanding following such Interest Payment Date) to credit the General Reserve Ledger up to the General Reserve Required Amount;
 - (h) *eighth*, to credit to the Issuer Profit Ledger the amount necessary to cause the balance to equal the Issuer Profit Amount;
 - (i) *ninth*, to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
 - (j) *tenth*, to pay interest due and payable on the Class B Notes (including any Deferred Interest and Additional Interest thereon);
 - (k) *eleventh*, to pay any Swap Subordinated Amount (to the extent not satisfied out of amounts standing to the credit of any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments);

- (l) *twelfth*, to pay all amounts of interest due and payable in respect of the Subordinated Loan to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (m) *thirteenth*, to pay the principal amounts due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement; and
- (n) *fourteenth*, to pay Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller.

Application of Principal Receipts Prior to Service of an Enforcement Notice

Definition of Principal Receipts

"Principal Receipts" means:

- (a) principal repayments under the Loans;
- (b) payments in respect of Capitalised Interest, Capitalised Expenses and Capitalised Arrears;
- (c) recoveries of principal from defaulting Borrowers under Loans being enforced (including the proceeds of sale of the relevant Property);
- (d) any payment pursuant to any insurance policy in respect of a Mortgaged Property in connection with a Loan in the Portfolio (including the amounts of any MIG Collections transferred by the Seller to the Transaction Account);
- (e) without double-counting the amounts referred to in paragraph (b) above, any disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been capitalised in accordance with the Seller's normal charging practices and repaid via a Borrower's monthly instalment, **provided that** payments received in respect of any fees which have been allocated by the Seller (in accordance with its collection policies) as interest payments, shall not constitute Principal Receipts; and
- (f) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (including, for the avoidance of doubt, amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date).

"Capitalised Arrears" means, in relation to any Loan, at any date, amounts (excluding Arrears of Interest or amounts comprising Capitalised Expenses) which are overdue in respect of that Loan and which as at that date have been added to the Capital Balance of the Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

"Capitalised Expenses" means, for any Loan at any date, expenses which are overdue in respect of that Loan and which as at that date have been added to the Capital Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

"Capitalised Interest" means, for any Loan at any date, interest which is overdue in respect of that Loan and which as at that date has been added to the Capital Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date).

Definition of Available Principal Receipts

"Available Principal Receipts" means, for each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) all Principal Receipts received by the Issuer during the immediately preceding Collection Period; and
- (b) the amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (f) and (i) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date,

less:

- (c) the amount of Principal Receipts to the extent comprised in paragraph (a) above used or to be used by the Issuer to purchase Further Advances made during the immediately preceding Collection Period.

The Issuer shall pay or provide for amounts due under the Pre-Enforcement Revenue Priority of Payments before paying amounts due under the Pre-Enforcement Principal Priority of Payments.

Application of Available Principal Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer

Prior to the service of an Enforcement Notice on the Issuer by the Trustee, the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the "**Pre-Enforcement Principal Priority of Payments**"):

- (a) *first*, to be applied in accordance with the Pre-Enforcement Revenue Priority of Payments to the extent necessary to pay any Remaining Revenue Deficiency in full;
- (b) *second, pro rata and pari passu*, in or towards repayment of the Principal Amount Outstanding of the Class A Notes, until the Principal Amount Outstanding of the Class A Notes has been reduced to zero;
- (c) *third, pro rata and pari passu*, in or towards repayment of the Principal Amount Outstanding of the Class B Notes, until the Principal Amount Outstanding of the Class B Notes has been reduced to zero; and
- (d) *fourth*, the excess (if any) to be applied as Available Revenue Receipts.

Application of Revenue Receipts, Principal Receipts and other monies of the Issuer following the service of an Enforcement Notice

Following the service of an Enforcement Notice by the Trustee on the Issuer, the Trustee (or the Cash Manager on its behalf or a Receiver) will apply all monies held in the Charged Accounts and all amounts received or recovered following service of an Enforcement Notice (other than (i) any amount that would otherwise constitute a Permitted Withdrawal (which, for the avoidance of doubt, shall be debited from the Charged Accounts prior to the remaining monies being applied in accordance with clause 10 (*Upon Enforcement*) of the Deed of Charge), (ii) amounts standing to the credit of the Swap Collateral Accounts, except for any Swap Collateral Account Surplus, (iii) any amount received by the Issuer in respect of Swap Tax Credits received or recovered and (iv) any amounts of any Issuer Profit Amount then held in the Transaction Account which shall be used by the Issuer in or towards satisfaction of any amounts due and payable by the Issuer to third parties (and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period) and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer), in the following order of priority (the "**Post-Enforcement Priority of Payments**" and, together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the "**Priorities of Payments**"):

- (a) *first*, in or towards satisfaction *pro rata and pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Trustee or any Appointee, under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to any Receiver appointed by the Trustee or any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;

- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts due and payable to the Servicer and any costs, charges, liabilities and expenses then due and payable to the Servicer or any such amount to become due and payable to the Servicer in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
 - (iii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due and payable to the Cash Manager or any such amount to become due and payable to the Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
 - (iv) any amounts then due and payable to the Issuer Account Bank, any Replacement Account Bank or the Custodian and any fees, costs, charges, liabilities and expenses then due and payable to the Issuer Account Bank, any Replacement Account Bank or the Custodian or any such amount to become due and payable to the Issuer Account Bank, any Replacement Account Bank or the Custodian in the immediately succeeding Interest Period under the provisions of the Account Bank Agreement, any Replacement Account Bank Agreement or the Custody Agreement and the other Transaction Documents, as applicable, together with (if payable) VAT thereon as provided therein;
 - (v) any amounts then due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein; and
 - (vi) any amounts then due and payable to the Corporate Services Provider and any costs, charges, liabilities and expenses then due and payable or to become due and payable in the immediately succeeding Interest Period to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
- (c) *third*, to pay any amounts due to the Swap Provider under the Swap Agreement (to the extent not satisfied out of amounts standing to the credit of any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments) but excluding any Swap Subordinated Amounts;
- (d) *fourth*, to pay interest due and payable on the Class A Notes;
- (e) *fifth*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards repayment of the Principal Amount Outstanding of the Class A Notes, until the Principal Amount Outstanding of the Class A Notes has been reduced to zero;
- (f) *sixth*, interest due and payable on the Class B Notes (including any Deferred Interest and Additional Interest thereon);
- (g) *seventh*, *pro rata* and *pari passu*, in or towards repayment of the Principal Amount Outstanding of the Class B Notes, until the Principal Amount Outstanding of the Class B Notes has been reduced to zero;
- (h) *eighth*, to pay any Swap Subordinated Amount (to the extent not satisfied out of amounts standing to the credit of any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments);

- (i) *ninth*, to credit to the Issuer Profit Ledger the amount necessary to cause the balance to equal the Issuer Profit Amount;
- (j) *tenth*, to pay any amounts required by the Issuer to pay or discharge any liability of the Issuer to corporation tax (which cannot be made out of amounts retained previously by the Issuer or profit paid to the Issuer under item (i) above);
- (k) *eleventh*, to the payment, on a *pro rata* and *pari passu* basis, of interest and principal due and payable in respect of the Subordinated Loan to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement; and
- (l) *twelfth*, to pay Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller.

Reporting under the PRA Securitisation Rules and the EU Securitisation Regulation

The Seller (as the originator for the purposes of the PRA Securitisation Rules and the EU Securitisation Regulation) (as if it were applicable to the Seller and as in force on the Closing Date) (the "**Designated Reporting Entity**") will be designated, pursuant to Article 7(2) of Chapter 2 of the PRA Securitisation Rules and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date), as the entity responsible to fulfil the information requirements pursuant to Article 7 of Chapter 2 of the PRA Securitisation Rules and Article 7 of the EU Securitisation Regulation (as if it were applicable to the Seller and in force on the Closing Date).

Notwithstanding such designation of the Seller as the reporting entity, the Seller and the Issuer are not relieved of their regulatory obligations under Article 7(2) of Chapter 2 of the PRA Securitisation Rules and SECN 6.3.1R(1) respectively.

Prior to the pricing date of the Notes, the Seller has made available (through the SR Website) documents as required by and in accordance with: (x) Chapter 2, Articles 7(1)(b) and 7(1)(d) of the PRA Securitisation Rules, and (y) Article 7(1)(b) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date) and, upon request, the information required by point (a) of the first subparagraph of Article 7(1) of Chapter 2 of the PRA Securitisation Rules.

For as long as any Notes remain outstanding, the Seller will in its capacity as the Designated Reporting Entity:

- (a) procure that the Cash Manager will prepare and deliver each investor report on a quarterly basis, as required by and in accordance with Article 7(1)(e) of Chapter 2 of the PRA Securitisation Rules (including Annex 12 (*Investor Report Information – Non-Asset Backed Commercial Paper Securitisation*)) (the "**UK Investor Report**") and Article 7(1)(e) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date) (the "**EU Investor Report**");
- (b) procure that the Servicer will prepare and deliver on a quarterly basis certain loan-by-loan information in relation to the Portfolio as required by and in accordance with Article 7(1)(a) of Chapter 2 of the PRA Securitisation Rules (including Annex 2 (*Underlying Exposures Information – Residential Real Estate (RRE)*)) of the PRA Securitisation Rules ("**UK Loan Level Report**") and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date) (the "**EU Loan Level Report**");
- (c) on or around each Interest Payment Date and in any event no later than (i) 16 calendar days following the first Interest Payment Date following the Closing Date, and (ii) five calendar days in respect of any other Interest Payment Date, procure that the Cash Manager will publish on the Cash Manager Website each UK Investor Report and each EU Investor Report;
- (d) procure that the Servicer will publish on the SR Website the UK Loan Level Report and the EU Loan Level Report (simultaneously with the UK Investor Report and the EU Investor Report) within one month of each Interest Payment Date;
- (e) procure that the Servicer will publish on the SR Website to the extent that any inside information or significant event has occurred without delay details of any information required to be reported

in accordance with Chapter 2, Articles 7(1)(f) or 7(1)(g) (as applicable) of the PRA Securitisation Rules and Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date), **provided that** the Seller shall not be required to monitor the price at which Notes are trading at any time;

- (f) procure that the Servicer will make available within 15 days of the issuance of the Notes, via the SR Website, final form copies of the Transaction Documents and this Prospectus;
- (g) procure that the Servicer will make available the UK STS Notification within 15 Business Days of the Closing Date to the FCA via the Connect Portal to the FCA STS register website at <https://data.fca.org.uk/#/sts/stssecuritisations> (or its successor website);
- (h) make available, to the extent required by SECN 2.2.25, static and dynamic historical performance data in relation to owner-occupied mortgage loans originated by NBS (through the SR Website) and ensure that such information covers a period of at least five years;
- (i) procure that the Servicer will make available the information set out in paragraphs (a) to (h) above available to the PRA and investors in the Notes as required pursuant to Chapter 2, Article 7(1) of the PRA Securitisation Rules;
- (j) confirm to the Cash Manager, for the purposes of publication in each UK Investor Report and each EU Investor Report, the status of the risk retention of the Seller as contemplated by Article 6(3)(d) of Chapter 2 of the PRA Securitisation Rules and Article 6(3)(d) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date) as at the date of the relevant UK Investor Report and EU Investor Report; and
- (k) promptly provide the Cash Manager with the information as is required to enable the Cash Manager to prepare the UK Investor Report and EU Investor Report.

For the avoidance of doubt, the SR Website (and the contents thereof) do not form part of this Prospectus.

The first UK Investor Report and the first EU Investor Report shall be published within one month of the First Interest Payment Date and thereafter shall be published on a quarterly basis.

To the extent that, after the Closing Date, there is any further divergence between the UK Securitisation Framework and the EU Securitisation Regulation, in respect of the EU Securitisation Regulation the Seller in its roles as "originator" will only continue to comply with the EU Securitisation Regulation (as if such provisions were applicable to it) as in force on the Closing Date and will only be required to comply with any amended EU Securitisation Regulation on a reasonable endeavours basis. The requirements to comply with the EU Securitisation Regulation (including the disclosure obligations referred to above) will apply only until such time that the Seller in its role as "originator" is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that compliance with the UK Securitisation Framework will also mean compliance with the EU Securitisation Regulation due to the application of an equivalency regime or similar analogous concept.

The Cash Manager will not assume any responsibility for the Seller's obligations as the Designated Reporting Entity responsible for fulfilling the reporting obligations under the UK Securitisation Framework or the EU Securitisation Regulation (as in force on the Closing Date). In providing the services set out in the Cash Management Agreement, the Cash Manager also assumes no responsibility or liability to the Noteholders, any potential investor in the Notes or any other party including for their use or onward disclosure of the information or documentation on the SR Website and/or the EU Securitisation Repository Website and shall have the benefit of the powers, protections and indemnities granted to it under the Cash Management Agreement and the other Transaction Documents. Any such report required to be prepared under the Cash Management Agreement (or other additional reports that are requested to be produced) may include disclaimers excluding liability of the Cash Manager for the information provided therein.

The Cash Manager shall not have any duty to monitor, enquire or satisfy itself as to the veracity, accuracy or completeness of any documentation provided to it under this clause or whether or not the provision of such information accords with the UK Securitisation Framework or EU Securitisation Regulation and shall be entitled to rely conclusively upon any instructions given by (and any determination by) the Issuer regarding the same, **provided that** such instructions are given in accordance with the Transaction Documents, and shall have no obligation, responsibility or liability whatsoever for the provision of

information and documentation on the SR Website and/or the EU Securitisation Repository Website. The Cash Manager shall not be responsible for monitoring the Issuer's compliance with the UK Securitisation Framework or EU Securitisation Regulation.

Any change in the Priority of Payments and any events which trigger such a change shall be disclosed without undue delay to the extent required under Article 21(9) of the EU Securitisation Regulation and the UK Securitisation Framework, in particular, SECN 2.2.23R.

Bank of England Information

The Cash Manager will publish the Bank of England Information as prepared by the Servicer and delivered to the Cash Manager for publishing on the Cash Manager Website (or such other website as may be available for such purpose and notified by the Cash Manager to the Issuer, the Trustee, the Seller, the Servicer, EuroABS and Rating Agencies from time to time) on or around each Interest Payment Date.

DESCRIPTION OF THE NOTES IN GLOBAL FORM

General

The Notes of each Class will be offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S and will be represented on issue by one or more Global Notes of such class in fully registered form without interest coupons or principal receipts attached (each a "**Global Note**"). Beneficial interests in a Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants at any time.

All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Note in respect of each Class of Notes will be deposited on or about the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**").

The Global Note in respect of each Class of Notes will be deposited with the Common Safekeeper and registered in the name of a nominee of the Common Safekeeper (the "**New Safekeeping Structure**").

The Notes are intended to be held in a manner which would allow Eurosystem eligibility. This means that the Notes will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that any of the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Prior to the issuance of the Notes, the Issuer will enter into an Issuer ICSD agreement with the ICSDs in respect of the Notes (the "**Issuer ICSD Agreement**"). The Issuer ICSDs will, in respect of the Notes (while being held in the new safekeeping structure), maintain their respective portion of the outstanding of the issue amount through their records. The Issuer ICSD Agreement will be governed by English law.

The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper in respect of the relevant Class of Notes.

Upon confirmation by the Common Safekeeper in respect of the Notes that it has custody of each Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in such Global Note (the "**Book-Entry Interests**") attributable thereto.

Book-Entry Interests in respect of Global Notes will be represented by the Definitive Certificates in denominations of £100,000 and, for so long as Euroclear or Clearstream, Luxembourg so permit, integral multiples of £1,000 in excess thereof (a "**Minimum Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arrangers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Safekeeper in respect of the Notes is the registered holder of each Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper, will be considered the sole Noteholder of such Global Note for all purposes under the Trust Deed. Except as set forth in the section entitled "*Issuance of Definitive Certificates*", below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the

Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See the section entitled "*Action in Respect of the Global Note and the Book-Entry Interests*", below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Certificates are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear or Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of each Global Note, unless and until Book-Entry Interests are exchanged for Definitive Certificates, such Global Note held by the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note pursuant to Regulation S will hold Book-Entry Interests in the Global Notes relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth under "*Transfers and Transfer Restrictions*", below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each Global Note, as the case may be, on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market sales of book-entry interests in the notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and Sterling denominated bonds.

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by Citibank, N.A., London Branch, as the Principal Paying Agent on behalf of the Issuer to Euroclear or Clearstream, Luxembourg. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or its nominee in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**") Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date, in respect of the Notes shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing

customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arrangers, the Joint Lead Managers, the Trustee, the Paying Agents or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the clearing systems and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

Transfers and Transfer Restrictions

All transfer of Book-Entry Interests will be recorded with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to the customary procedures established by each respective system and its Participants.

Beneficial interests in the Global Notes may be held only through Euroclear and Clearstream, Luxembourg. Neither the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

Settlement and transfer of notes

Subject to the rules and procedures of each applicable clearing system, purchases of notes held within a clearing system must be made by or through Participants, which will receive a credit for such notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the "**beneficial owner**") will in turn be recorded on the Participant's records. Beneficial owners will not receive written confirmation from any clearing system of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct and indirect participant through which such beneficial owner entered into the transaction. Transfers of ownership interests in notes held within the clearing system will be effected by entries made on the books of Participants acting on behalf of beneficial owners. Beneficial owners will not receive individual notes representing their ownership interests in such notes unless use of the book-entry system for the notes described in this section is discontinued.

No clearing system has knowledge of the actual beneficial owners of the Notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*", above.

Issuance of Definitive Certificates

Holders of Book-Entry Interests in the Global Note will be entitled to receive certificates evidencing definitive notes in registered form ("**Definitive Certificates**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system satisfactory to the Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the UK (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

Any Definitive Certificates issued in exchange for Book-Entry Interests in a Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Certificates issued in exchange for Book-Entry Interests in a Global Note, as the case may be, will not be entitled to exchange such Definitive Certificate, for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under "*Transfers and Transfer Restrictions*" above **provided that** no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Certificates will not be issued in a denomination that is not an integral multiple of

the Minimum Denomination or for any amount in excess thereof, in integral multiples of £1,000. As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

Action in Respect of the Global Note and the Book-Entry Interests

Not later than 10 Business Days after receipt by the Issuer of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear and Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above, with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Reports

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, the Global Note or the Book-Entry Interests. Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to each of Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**") for communication by them to the holders of the relevant Notes and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Notes are admitted to trading and listed on the Official List) any notice shall also be published in accordance with the relevant guidelines of the Stock Exchange. See also Condition 23 (*Notices*) of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed. If the Notes were to be represented by Definitive Certificates, the Conditions set out on the reverse of each of such Definitive Certificates would be as follows. While the Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Documents and the other Transaction Documents (as defined below).

1. GENERAL

- 1.1 The £350,000,000 Class A Mortgage-Backed Floating Rate Notes due September 2073 (the "**Class A Notes**") and the £33,060,000 Class B Mortgage-Backed Floating Rate Notes due September 2073 (the "**Class B Notes**" and, together with the Class A Notes, the "**Notes**") will be issued by Hadrian Funding 2026-1 PLC (registered number 17123867) (the "**Issuer**") on or about the Closing Date.
- 1.2 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Deed and the Agency Agreement. The security for the Notes is created pursuant to, and on the terms set out in, the Deed of Charge and, in the case of Scottish Sub-Security, the Scottish Supplemental Charge.
- 1.3 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.4 Certain provisions of these Conditions are summaries of the Trust Documents and the Incorporated Terms Memorandum and the Agency Agreement and are subject to their detailed provisions.
- 1.5 The Noteholders are bound by the terms of the Trust Documents and the Incorporated Terms Memorandum and are deemed to have notice of all the provisions of the Transaction Documents.

2. DEFINITIONS AND INTERPRETATION

- 2.1 Capitalised terms and expressions used and not otherwise defined in these Conditions shall have the meanings given to them in the Master Definitions Schedule set out in Schedule 1 (*Master Definitions Schedule*) to the Incorporated Terms Memorandum made between the parties to the Transaction Documents on or about the Closing Date (as modified and/or supplemented and/or restated from time to time, the "**Master Definitions Schedule**").
- 2.2 These Conditions shall be construed in accordance with the principles of interpretation and construction set out in the Incorporated Terms Memorandum.

3. FORM AND DENOMINATION

- 3.1 Notes will be represented by one or more global notes in fully registered form without interest coupons (each such global note in relation to a class of those Notes being a "**Global Note**").

The Global Notes are expected to be held under the new safekeeping structure for Global Notes and be deposited with, and registered in the name of, or a nominee of, a common safekeeper (the "**Common Safekeeper**") for Euroclear and Clearstream, Luxembourg.

- 3.2 The Principal Amount Outstanding of the Notes of each class initially offered and sold outside the United States to non-US persons pursuant to Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") is represented by one or more global registered notes in fully registered form (the "**Global Notes**") without coupons attached. References herein to the "**Notes**" shall include (i) in relation to any Notes of a class represented by a Global Note, units of the Minimum Denomination of such class, (ii) any Global Note and (iii) any Definitive Certificate issued in exchange for a Global Note.
- 3.3 For so long as any Notes are represented by a Global Note, transfers and exchanges of beneficial interests in Global Notes and entitlement to payments thereunder will be effected subject to and in

accordance with the rules and procedures from time to time of Euroclear Bank S.A./N.V. or Clearstream Banking, S.A., as appropriate.

- 3.4 For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimal amounts of £100,000 and integral multiples of £1,000 thereafter.
- 3.5 Certificates evidencing definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Global Notes (the "**Definitive Certificates**") will be issued in registered form and serially numbered in the circumstances referred to below. Definitive Certificates, if issued, will be issued in the denomination of £100,000 and any amount in excess thereof in integral multiples of £1,000.
- 3.6 If, while any Notes are represented by a Global Note:
 - (a) in the case of a Global Note held in Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and, in either case, no alternative clearing system satisfactory to the Trustee is available; or
 - (b) as a result of any amendment to, or change in, the laws or regulations of the UK (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee,

(each a "**relevant event**") the Issuer will issue Definitive Certificates to Noteholders whose accounts with the relevant clearing systems are credited with interests in that Global Note in exchange for those interests within 30 days of the relevant event but not earlier than the Exchange Date. The Global Note will not be exchangeable for Definitive Certificates in any other circumstances.

4. **TITLE**

- 4.1 The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.
- 4.2 The Issuer shall cause to be kept at the Specified Office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers and redemptions of the Notes.
- 4.3 No transfer of a Note will be valid unless and until entered on the Register.
- 4.4 Transfers and exchanges of beneficial interests in the Global Note and any Definitive Certificates and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Certificate be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the U.K. or the Registrar to any holder of a Note who so requests

(and who provides evidence of such holding where the Notes are in global form) and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.

- 4.5 A Definitive Certificate may be transferred in whole or in part upon the surrender of the relevant Definitive Certificate, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Certificate, a new Definitive Certificate, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.
- 4.6 Each new Definitive Certificate, to be issued upon transfer of Definitive Certificates will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Certificate, to such address as may be specified in such request.
- 4.7 Registration of Definitive Certificates on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- 4.8 No holder of a Definitive Certificate, may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.

5. STATUS AND RANKING

5.1 Status

The Notes of each class constitute direct, secured and unconditional obligations of the Issuer.

5.2 Ranking

The Class A Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class B Notes will at all times rank without preference or priority *pari passu* amongst themselves.

5.3 Sole Obligations

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

5.4 Priority of Interest Payments

Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes, in each case in accordance with the Pre-Enforcement Revenue Priority of Payments or, after the delivery of an Enforcement Notice, the Post-Enforcement Priority of Payments.

5.5 Priority of Principal Payments

Prior to the delivery of an Enforcement Notice, payments of principal on the Class A Notes will rank in priority to payments of principal on the Class B Notes, in accordance with the Pre-Enforcement Principal Priority of Payments.

Following the delivery of an Enforcement Notice, payments of principal on the Class A Notes will rank in priority to payments of principal on the Class B Notes in accordance with the Post-Enforcement Priority of Payments.

5.6 Priority of Payments

Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Receipts and Available Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments (as applicable) and thereafter, in accordance with the Post-Enforcement Priority of Payments.

6. **SECURITY**

6.1 **Security**

The Notes are secured by the Security.

6.2 **Enforceability**

The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 13 (*Events of Default*) and subject to the matters referred to in Condition 14 (*Enforcement*).

7. **ISSUER COVENANTS**

The Issuer makes the Issuer Covenants in favour of the Trustee which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business, without the prior written consent of the Trustee. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

8. **INTEREST**

8.1 **Accrual of Interest**

Each Note bears interest on its Principal Amount Outstanding, from (and including) the Closing Date.

8.2 **Cessation of Interest**

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused or default is otherwise made in respect of the payment, in which case, it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (b) the day which is seven calendar days after the Principal Paying Agent or the Trustee has notified the Noteholders of such class (in accordance with Condition 23 (*Notices*)) that the full amount payable is available for collection by the Noteholder, **provided that** on due presentation payment is in fact made.

8.3 **Interest Payments**

Interest on each Note is payable in Sterling in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date.

8.4 **Calculation of Interest Amount**

Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Amount payable on each Note for the related Interest Period.

8.5 **Determination of Note Rate, Interest Amount and Interest Payment Date**

The Agent Bank will, on each Interest Determination Date, determine:

- (a) the Note Rate for each class for the related Interest Period;
- (b) the Interest Amount for each class for the related Interest Period; and

- (c) the Interest Payment Date next following the related Interest Period,

and notify the Issuer, the Servicer, the Cash Manager, the Trustee, the Registrar, the Swap Provider and the Paying Agents and for so long as the Notes are listed for trading on the Main Market.

Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, to the extent that it is reasonably practicable and if it is instructed by the Issuer in writing, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors. To the extent that any amendments or modifications to these Conditions or the Transaction Documents are required in order for the Agent Bank to follow such guidance in order to determine the SONIA Reference Rate, the Agent Bank shall have no obligation to act until such amendments or modifications have been made in accordance with these Conditions and the Transaction Documents.

In the event that the Note Rate cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Note Rate shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Note Rate which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Relevant Margin applicable to the first Interest Period).

If any of the circumstances in Condition 17.2.5 occur, the Issuer (or the Servicer on its behalf) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Reference Rate in accordance with Note Condition 17.2 (*Additional Right of Modification*) (the "**Relevant Condition**"). For the avoidance of doubt, if an Alternative Reference Rate proposed by or on behalf of the Issuer has failed to be implemented in accordance with the Relevant Condition as a result of Noteholder objections to the modification, the Issuer shall not be obliged to propose an Alternative Reference Rate under this Note Condition 8.5. In the event that the Note Rate is less than zero, the Note Rate shall be deemed to be zero.

There will be no maximum Note Rate.

- (a) In these Conditions (except where otherwise defined), the expression:

- (i) "**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d□**" is the number of Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d□, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"**LBD**" means a London Banking Day;

"**n_i**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following Business Day; and

"**SONIA_{i-5LBD}**" means in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to the relevant Business Day "**i**";

"**Interest Commencement Date**" means the Closing Date;

"**Interest Determination Date**" means the fifth Business Day before the Interest Payment Date for which the relevant Note Rate and Interest Amount will apply;

"**Note Rate**" means, for each Interest Period, Compounded Daily SONIA determined as at the related Interest Determination Date plus the Relevant Margin **provided that** the Note Rate shall at all times be greater than or equal to zero;

"**Observation Period**" means the period from and including the date falling "**p**" Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "**p**" Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling "**p**" Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes);

"**Ratings Confirmation**" means in respect of any specified action, determination or appointment as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) from the relevant Rating Agency that the then current ratings of the Class A Notes will not be reduced, downgraded, qualified, adversely affected, suspended or withdrawn thereby or that, it would not place any Class A Notes on negative rating watch (or equivalent). No Ratings Confirmation shall be required from a Rating Agency in respect of any action, determination or appointment if such Rating Agency has declined a request from the Trustee or the Issuer to review the effect of action, determination or appointment or if such Rating Agency announces (publicly or otherwise) or confirms to the Trustee or the Issuer that a Ratings Confirmation from such Rating Agency is not required, or that its practice is to not give such confirmations for such type of action, determination or appointment or such Rating Agency has ceased to engage in the business of providing ratings or has made a public statement to the effect that it will no longer review events or circumstances of the type requiring a Ratings Confirmation under any Transaction Document or the Conditions for the purposes of evaluating whether to confirm the then-current ratings (or initial ratings) of obligations rated by such Rating Agency, in which case a formal written notice to such Rating Agency shall suffice;

"**Relevant Margin**" means:

- (i) for the Class A Notes, 0.55 per cent. per annum up to and excluding the Step-Up Date and thereafter 1.10 per cent. per annum; and
- (ii) for the Class B Notes, zero per cent. per annum.

"**Screen**" means the Bloomberg Screen SONIA page; or

- (A) such other page as may replace the Bloomberg Screen SONIA page on that service for the purpose of displaying such information; or
- (B) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one selected by the Issuer and approved in writing by the Trustee) as may replace such screen;

"**SONIA Reference Rate**" means in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published

on the Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

- (b) If, in respect of any Business Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

8.6 **Publication of Note Rate, Interest Amount and Interest Payment Date**

As soon as practicable after receiving each notification of the Note Rate, the Interest Amount and the Interest Payment Date in accordance with Condition 8.5 (*Determination of Note Rate, Interest Amount and Interest Payment Date*) and in any event no later than the second Business Day thereafter, the Issuer will cause such Note Rate and Interest Amount for each class and the next following Interest Payment Date to be published in accordance with the Notices Condition.

8.7 **Amendments to Publications**

The Note Rate, Interest Amount for each class and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

8.8 **Notifications to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Interest*) shall (in the absence of manifest error) be binding on the Issuer and all Noteholders and (in the absence of any Breach of Duty or manifest error) no liability to the Trustee or the Noteholders shall attach to the Agents in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 8 (*Interest*).

8.9 **Agent Bank**

The Issuer shall use reasonable endeavours to ensure that, so long as any of the Notes remains outstanding there shall at all times be an Agent Bank, a Paying Agent and a Principal Paying Agent. In the event of any of an Agent being unable or unwilling to continue to act as an Agent, the Issuer shall appoint such other bank as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved in writing by the Trustee is appointed by the Issuer. Notice of any change of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.

8.10 **Interest Accrual**

- (a) To the extent that funds available to the Issuer to pay interest on the Class B Notes on an Interest Payment Date are insufficient to pay the full amount of such interest, payment of the shortfall in respect of the Class B Notes ("**Deferred Interest**") will not then fall due but will instead be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority and subject to and in accordance with these Conditions) to fund the payment of such Deferred Interest to the extent of such available funds.
- (b) Such Deferred Interest will accrue interest ("**Additional Interest**") at the rate of interest applicable from time to time to the Class B Notes and such portion of interest (as determined by this Condition 8 (*Interest*)) and payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds.

- (c) Payment of any amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which the Class B Notes falls to be redeemed in full in accordance with Condition 9 (*Final Redemption, Mandatory Redemption in Part, Optional Redemption and Cancellation*) and any such amount which has not then been paid in respect of the relevant class of Notes shall thereupon become due and payable in full.

8.11 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive the Servicer Reports with respect to a Collection Period (the "**Determination Period**"), then the Cash Manager may use the three most recent Servicer Reports in respect of the most recent Collection Period (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports received in the preceding Collection Period) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 8.11. When the Cash Manager receives the Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 8.11(c) below. Any (i) calculations properly done on the basis of such estimates in accordance with Conditions 8.11(b) and/or 8.11(c); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 8.11(b) and/or 8.11(c), shall be deemed to be done, in accordance with the provisions of the Transaction Documents will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (b) Where, in respect of any Determination Period the Cash Manager shall:
 - (i) determine the Interest Determination Ratio by reference to the three most recently received Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports received in the preceding Collection Period);
 - (ii) calculate the Revenue Receipts for such Determination Period as the product of (i) the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the "**Calculated Revenue Receipts**");
 - (iii) calculate the Principal Receipts for such Determination Period as the product of (i) 1 minus the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the "**Calculated Principal Receipts**").
- (c) Following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 8.11(b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount as follows:
 - (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (i) the absolute value of the Reconciliation Amount and (ii) the amount standing to the credit of the Revenue Ledger, as Principal Receipts (with a corresponding debit of the Revenue Ledger and credit to the Principal Ledger);
 - (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (i) the absolute value of the Reconciliation Amount and (ii) the amount standing to the credit of the Principal Ledger, as Revenue Receipts (with a corresponding debit of the Principal Ledger and credit to the Revenue Ledger),

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period

in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

9. FINAL REDEMPTION, MANDATORY REDEMPTION IN PART, OPTIONAL REDEMPTION AND CANCELLATION

9.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided in this Condition 9, the Issuer shall redeem the Notes in each class at their Principal Amount Outstanding together with any accrued interest on the Final Maturity Date.

9.2 Mandatory Redemption in part

On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Principal Receipts towards the redemption of the Notes to the extent that there are such amounts available to do so in accordance with the Pre-Enforcement Principal Priority of Payments and, as applicable, the Pre-Enforcement Revenue Priority of Payments.

9.3 Optional Redemption in whole

The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding on any Interest Payment Date:

- (a) when, on the related Calculation Date, the aggregate of the Principal Amount Outstanding of the outstanding Notes is less than 10 per cent. of the Principal Amount Outstanding of all of the Notes as at the Closing Date (such option, the "**Clean-Up Call Option**"); or
- (b) from and including the Step-Up Date,

subject, in either case, to the following: (i) no Enforcement Notice has been delivered by the Trustee; (ii) the Issuer has given not more than 60 nor less than 14 calendar days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and (iii) prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Principal Priority of Payments.

9.4 Optional Redemption in whole for taxation reasons

- (a) If, by virtue of a change in Tax law (or the application or official interpretation of Tax law), on or before the next Interest Payment Date the Issuer (or the Paying Agents on the Issuer's behalf) is to make any payment in respect of the Notes (other than because the relevant holder has some connection with the UK other than the holding of such Notes) or Swap Provider is to make any payments in respect of the Swap Agreement and either the Issuer (or the Paying Agents on the Issuer's behalf) or the Swap Provider, as the case may be, would be required to make a Tax Deduction in respect of such relevant payment then the Issuer shall, if the same would avoid the effect of a withholding or deduction as described in this paragraph, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction as principal debtor under the Notes and the Trust Deed, **provided that** the Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the Notes (and in making such determination, the Trustee may rely absolutely, without investigation or inquiry, on (A) any confirmation made in writing from each of the Rating Agencies that the then current ratings of the Notes would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming a certificate in writing from the Issuer (having consulted with the Servicer) to the Cash Manager and the Trustee that such proposed action (i) (while any Notes remain outstanding) has been notified to the Rating Agencies, (ii) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (iii) would not affect the legality, validity and enforceability of

any of the Transaction Documents or any Security and (iv) (while any of the Notes remain outstanding) would not have an adverse effect on the rating of the Notes (upon which confirmation or certificate the Trustee shall be entitled to rely absolutely without liability to any person for so doing)).

- (b) If the Issuer satisfies the Trustee immediately before giving the notice referred to below that an event described in paragraph (a) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of such withholding or deduction or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution (such event, a "**Tax Event**"), then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 14 calendar days' notice to the Trustee and holders of the Notes in accordance with Condition 16 (*Meetings of Noteholders*), redeem all (but not some only) of the Notes at their respective Principal Amount Outstanding up to (but excluding) the date of redemption **provided that**:
 - (i) no Enforcement Notice has been delivered by the Trustee; and
 - (ii) prior to the giving any such notice referred to in this paragraph (b) the Issuer shall have provided to the Trustee:
 - (A) a certificate signed by two directors of the Issuer (A) stating that the circumstance(s) referred to in paragraph (a) above prevail(s), (B) setting out details of such circumstance and (C) confirming that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution; and
 - (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or the Paying Agents has or will become obliged to deduct or withhold amounts as a result of such change.

The Trustee shall be entitled to accept and rely absolutely upon such certificate and opinion without any enquiry or liability as sufficient evidence of the satisfaction of the circumstances set out in paragraph (A) immediately above, in which event they shall be conclusive and binding on each Class of the Notes.

- (c) The Issuer may only redeem the Notes as described above if the Issuer has certified to the Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Notes as aforesaid, such certification to be provided by way of a certificate signed by two directors of the Issuer on which the Trustee shall be entitled to rely without any enquiry or liability. Such certification shall be conclusive and binding on the holders of Notes.

9.5 **Optional Redemption in whole upon the occurrence of an Illegality Event**

The Issuer may redeem the Notes of each Class in whole (but not in part) at their Principal Amount Outstanding together with accrued (and unpaid) interest thereon up to but excluding the date of redemption if on any Interest Payment Date, by reason of a change in law, which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to purchase, hold, fund or allow to remain outstanding all or any part of the Portfolio or to perform its obligations under the Transaction Documents or the Notes, (the occurrence of such event an "**Illegality Event**"), subject to the following:

- (a) no Enforcement Notice has been delivered by the Trustee;
- (b) that the Issuer has given not more than 60 nor less than 14 days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and

- (c) that prior to giving any such notice, the Issuer has provided to the Trustee:
 - (i) a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in the applicable jurisdiction (approved in writing by the Trustee), opining that the consequence of the relevant change in law is an Illegality Event; and
 - (ii) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Principal Priority of Payments.

9.6 **Calculation of Note Principal Payment, Principal Amount Outstanding and Pool Factor**

On each Calculation Date, the Issuer shall calculate (or cause the Cash Manager to calculate):

- (a) the aggregate of any Note Principal Payment due in relation to each class on the Interest Payment Date immediately succeeding such Calculation Date;
- (b) the Principal Amount Outstanding of each Note in each class on the Interest Payment Date immediately succeeding such Calculation Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such class); and
- (c) the fraction expressed as a decimal to the sixth point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of a Note of that class (as referred to in Condition 9.6(b) above) and the denominator is the principal amount of that Note on issue expressed as an entire integer, and notify the Issuer, the Trustee, the Paying Agents, the Agent Bank, the Registrar and for so long as the Notes are listed on the Stock Exchange and as the Stock Exchange so requires not less than two Business Days prior to the relevant Interest Payment Date.

9.7 **Calculations final and binding**

Each calculation by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note of each class and the Pool Factor shall in each case (in the absence of manifest error) be final and binding on all persons.

9.8 **Conclusiveness of certificates and legal opinions**

Any certificate and legal opinion given by or on behalf of the Issuer or, as the case may be, the Swap Provider pursuant to Condition 9.3 (*Optional Redemption in whole*), Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.5 (*Optional Redemption in whole upon the occurrence of an Illegality Event*) may be relied on by the Trustee without further investigation, without liability to any other person and shall be conclusive and binding on the Noteholders, the Trustee and on the other Secured Creditors.

9.9 **Notice of Calculation**

The Issuer will cause each calculation of a Note Principal Payment, Principal Amount Outstanding in relation to each class and the Pool Factor to be notified immediately after calculation to the Trustee, the Agents and, for so long as the Notes are listed on the Main Market and as the Stock Exchange so requires and will immediately cause details of each calculation of a Note Principal Payment, Principal Amount Outstanding in relation to each class and the Pool Factor to be published in accordance with the Notices Condition by no later than two Business Days prior to each Interest Payment Date.

9.10 **Notice irrevocable**

Any such notice as is referred to in Condition 9.3 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.7 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem

the Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Condition 9.3 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) and in an amount equal to the Note Principal Payment in respect of each Note calculated as at the related Calculation Date if effected pursuant to Condition 9.2 (*Mandatory Redemption in part*).

9.11 **Cancelled or redeemed Notes**

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

9.12 **Notice of redemption**

If the Notes are redeemed by the Issuer in accordance with this Condition 9 the Issuer shall notify the Rating Agencies in writing as soon as reasonably practicable following any such redemption.

10. **LIMITED RECOURSE**

If at any time following:

- (a) the occurrence of either:
 - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each class are due and payable; or
 - (ii) the service of an Enforcement Notice; and
- (b) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments; and

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer.

For the purposes of this Condition 10, "**Realisation**" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

11. **PAYMENTS**

11.1 **Principal and interest:**

Payments of principal and interest shall be made upon application by a Noteholder to the Specified Office of the Principal Paying Agent not later than the fifteenth calendar day before the due date for payment, by transfer to an account in Sterling, maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.

11.2 **Record date**

Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Note shall be the only person entitled to receive payments in respect of Notes represented by such Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

11.3 Payments subject to fiscal laws

All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

11.4 Partial Payments

If a Principal Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note.

11.5 Payments on Business Days

If the due date for payment of any amount in respect of any Note is not a Business Day, then the holder shall not be entitled to payment until the next succeeding Business Day and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note.

12. TAXATION

12.1 Payments free of Tax

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any Taxes unless such withholding or deduction is required by law. In that event, subject to Condition 9.4 (*Optional Redemption in whole for taxation reasons*), the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after the withholding or deduction has been made and shall account to the relevant authorities for the amount so withheld or deducted.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a **"FATCA Withholding"**). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding. The occurrence of the Issuer (or such other person on the Issuer's behalf) being required to make a withholding or deduction in the circumstances outlined in the previous paragraph will not constitute an Event of Default.

12.2 No payment of additional amounts

Neither the Issuer, the Trustee nor the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any withholding or deduction.

13. EVENTS OF DEFAULT

13.1 Events of Default

Subject to the other provisions of this Condition, each of the following events shall be treated as an **"Event of Default"**:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Most Senior Class of Notes within seven (7) days following the due date for payment of such principal or fails to pay any amount of interest in respect of the Most Senior Class of Notes within fourteen (14) days following the due date for payment of such interest (**provided that**, for the avoidance of doubt, a deferral of interest in respect of the Class B Notes in accordance with Condition 8.10 (*Interest Accrual*) shall not constitute a default in the payment of such interest for the purposes of this Condition 13);

- (b) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 30 calendar days (or such longer period as the Trustee may permit) (except that in any case where the Trustee considers the failure to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) *Insolvency*: an Issuer Insolvency Event occurs.

13.2 **Delivery of Enforcement Notice**

If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall:

- (a) if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes outstanding; or
- (b) if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding,

deliver an Enforcement Notice to the Issuer.

13.3 **Conditions to delivery of Enforcement Notice**

Notwithstanding Condition 13.2 (*Delivery of Enforcement Notice*) the Trustee shall not be obliged to deliver an Enforcement Notice unless:

- (a) in the case of the occurrence of any of the events mentioned in Condition 13.1(b) (*Breach of other obligations*) the Trustee shall have certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes outstanding; and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.4 **Consequences of delivery of Enforcement Notice**

Upon the delivery of an Enforcement Notice, the Notes of each class shall become immediately due and payable, without further action or formality, at their Principal Amount Outstanding together with any accrued interest.

13.5 **Notice of an Event of Default**

The Issuer shall notify the Rating Agencies in writing as reasonably practicable following the delivery of an Enforcement Notice.

14. **ENFORCEMENT**

14.1 **Proceedings**

The Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each class (including these Conditions), the Deed of Charge or under the other Transaction Documents or to enforce the Security, but it shall not be bound to do so unless:

- (a) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or
- (b) so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of outstanding Notes,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

14.2 **Directions to the Trustee**

If the Trustee shall take any action described in Condition 14.1 (*Proceedings*), it may take such action without having regard to the effect of such action on individual Noteholders or any other Secured Creditor, **provided that** so long as any of the Most Senior Class of Notes are outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other class of Notes unless:

- (a) to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the classes of Notes ranking senior to such instructing class; or
- (b) (if the Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of each class of Notes ranking senior to such instructing class,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

14.3 **Third Party Rights**

No person shall have any right to enforce any Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 or any other equivalent law in applicable jurisdictions.

15. **NO ACTION BY NOTEHOLDERS OR ANY OTHER SECURED CREDITOR**

Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security. In particular, none of the Noteholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

- (a) otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders or any other Secured Creditors;
- (c) until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceeding in relation to the Issuer; or
- (d) to take or join in the taking of any steps or proceedings which would result in the Priority of Payments not being observed.

16. **MEETINGS OF NOTEHOLDERS**

16.1 **Convening**

The Trust Deed contains "*Provisions for Meetings of Noteholders*" for convening separate or combined meetings of Noteholders of any class to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.

16.2 **Notice**

No less than 21 clear days' and no more than 365 clear days' notice specifying the place (to be held in a venue in the UK), day and hour of meeting shall be given to the Noteholders prior to any meeting of the Noteholders. In respect of an adjourned meeting no less than 14 clear days and no

more than 42 clear days specifying the place (to be held in a venue in the UK) day and hour of meeting shall be given to the Noteholders prior to any meeting of the Noteholders.

16.3 **Separate and combined meetings**

The Trust Deed and the Deed of Charge provide that:

- (a) an Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one class shall be transacted at a separate meeting of the Noteholders of that class;
- (b) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one class of Notes and the holders of another class of Notes shall be transacted either at separate meetings of the Noteholders of each such class or at a single meeting of the Noteholders of all such classes of Notes as the Trustee shall determine in its absolute discretion; and
- (c) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each such class.

16.4 **Method of convening meetings**

A meeting of Noteholders of a particular class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular class holding not less than ten per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that class. However, so long as no Event of Default has occurred and is continuing, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or indirectly through the Trustee, without consent of the Issuer and, if applicable, certain other Transaction Parties pursuant to any relevant Transaction Documents, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

16.5 **Quorum**

The quorum at any meeting convened to vote on:

- (a) an Ordinary Resolution relating to a meeting of a particular class or classes of the Notes will be one or more persons holding or representing, in aggregate, a majority of the Principal Amount Outstanding of the outstanding Notes in that class or those classes or, at any adjourned meeting, one or more persons being or representing Noteholders of that Class or those Classes, whatever the Principal Amount Outstanding of the Notes then outstanding held or represented by them, except in accordance with Conditions 17.2.8, 17.2.9 or 17.2.10 in relation to any Reference Rate Modification, Swap Rate Modification or 2021 ISDA Reference Rate Modification;
- (b) an Extraordinary Resolution, other than regarding a Basic Terms Modification, relating to a meeting of a particular class or classes of the Notes will be one or more persons holding or representing, in aggregate, a majority of the Principal Amount Outstanding of the outstanding Notes in that class or those classes or, at any adjourned meeting, one or more persons being or representing Noteholders of that Class or those Classes, whatever the Principal Amount Outstanding of the Notes then outstanding held or represented by them, except in accordance with Conditions 17.2.8, 17.2.9 or 17.2.10 in relation to any Reference Rate Modification, Swap Rate Modification or 2021 ISDA Reference Rate Modification;
- (c) an Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each class of Noteholders) will be one or more persons holding or representing in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant class or classes or, at any adjourned meeting, one or more persons holding or representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant class or classes,

except in accordance with Conditions 17.2.8, 17.2.9 or 17.2.10 in relation to any Reference Rate Modification, Swap Rate Modification or 2021 ISDA Reference Rate Modification.

16.6 Relationship between classes

In relation to each class of Notes:

- (a) no Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in each such other classes);
- (b) no Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class); and
- (c) any resolution passed at a Meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Basic Terms Modification, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes.

16.7 Resolutions in writing

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

17. MODIFICATION AND WAIVER

17.1 Modification

The Trustee may (and, in the case of paragraph (c) and (d) below) shall) at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Conditions, the Trust Documents, the Notes or the other Transaction Documents in relation to which its consent is required (other than in respect of a Basic Terms Modification or any provisions of the Trust Documents referred to in the definition of a Basic Terms Modification) which, in the opinion of the Trustee, will not be materially prejudicial to the holders of the Most Senior Class of outstanding Notes;
- (b) any modification to these Conditions, the Trust Documents or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error;
- (c) any modification to these Conditions, the Trust Documents or the other Transaction Documents in order to enable the Issuer and/or the Swap Provider to comply with any requirements which apply to them in relation to any Swap Agreement (including any further hedging under any Swap Agreement) under UK EMIR and/or EU EMIR (as applicable) subject to receipt by the Trustee of (i) a certificate from the Swap Provider or the Issuer (issued by the Servicer on behalf of the Issuer), as appropriate certifying to the Trustee that the requested amendments to be made are solely for the purpose of enabling the Issuer and/or the Swap Provider to satisfy requirements which apply to them in relation to the Swap Agreement under UK EMIR and/or EU EMIR (as applicable) and have been drafted solely to such effect and (ii) a certificate issued by the Servicer on behalf of the Issuer certifying to the Trustee that the Swap Provider has given its prior written consent to such modification upon which the Trustee is able to rely on absolutely without Liability, **provided that** the Trustee shall not be obliged to agree to any such modification which, in the sole opinion of the Trustee would have the effect of (a) exposing the Trustee to any

liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee in the Transaction Documents and/or these Conditions and **provided further that** the powers conferred by this Condition 17.1(c) shall not extend to a Basic Terms Modification. Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any amendment pursuant to this paragraph (c), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor (other than itself as provided above) or any other person, shall act and rely solely and without further investigation on any certificate provided to it by the Issuer pursuant to this paragraph (c) and shall not be liable to any Noteholder or other Secured Creditor for so acting or relying;

- (d) notwithstanding the appointment of the Custodian under the Custody Agreement, any modification to any of the Transaction Documents (other than any amendment to any Priority of Payment or a Basic Terms Modification) and take any such other actions required to effect an appointment of any further or replacement Custodian that is requested in writing by the Issuer to effect such appointment and the entry into of related documentation (including any additional custody agreement) and to enable the Issuer to open any further or additional Swap Collateral Account, in accordance with the terms of the Swap Agreement irrespective of whether such modifications are materially prejudicial to the interests of the Noteholders of any Class or any other Secured Creditor and subject to receipt by the Trustee of a certificate from the Issuer certifying to the Trustee that such amendments are required solely for the purpose of appointing a Custodian and that the level of remuneration payable to any such Custodian is reasonable taking into account then prevailing market conditions, **provided that**, the Trustee shall not be obliged to agree to any modification pursuant to this paragraph (d) which (in the sole opinion of the Trustee) would have the effect of (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (b) increasing the obligations or duties, or decreasing the rights or protections of the Trustee in the Transaction Documents and/or these Conditions. Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any amendment pursuant to this paragraph (d), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor (other than itself as provided above) or any other person, shall act and rely solely and without further investigation on any certificate provided to it by the Issuer pursuant to this paragraph (d) and shall not be liable to any Noteholder or other Secured Creditor for so acting or relying,

provided that the Issuer shall procure that no amendment, modification, supplement, waiver or consent in respect of the Transaction Documents or the Conditions (a "**Proposed Amendment**") shall be made without the Swap Provider having given its prior written consent, where such Proposed Amendment would have the effect, in each case in the opinion of the Swap Provider, acting in good faith: (i) that immediately thereafter, the Swap Provider would be required to pay more or to receive less from a third-party transferee if it were to transfer each of the Transactions to such third-party transferee than would otherwise be the case if such Proposed Amendment was not made; (ii) of altering the amount, timing or priority of any payments or deliveries due from the Issuer to the Swap Provider or from the Swap Provider to the Issuer (as applicable); (iii) of altering the status of the Swap Provider as a Secured Creditor; (iv) of altering the Secured Obligations owed to the Swap Provider or altering the terms of the Security such that it affects the Swap Provider; (v) of resulting in an amendment or waiver that affects the Swap Provider of the undertakings of the Issuer as set out in the Transaction Documents related to a refinancing of the Notes or the sale, transfer or disposal of the assets of the Issuer in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date; or (vi) of altering any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter. For the avoidance of doubt, the Trustee is under no obligation to monitor the Issuer's compliance with the aforementioned obligation and shall be entitled to rely without liability on a certificate of the Issuer to the effect that such consent of the Swap Provider has been obtained or is not required.

17.2 Additional Right of Modification

Notwithstanding the provisions of this Condition 17 (*Modification and Waiver*), the Trustee shall be obliged, without any consent or sanction of the Noteholders or, subject to Condition 17.2.11(c)

below, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions, the Trust Documents, the Notes or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

17.2.1 for the purposes of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, **provided that:**

- (a) the Issuer (or the Servicer on its behalf) certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
- (b) in the case of any modification to a Transaction Document proposed by any of the Servicer, the Collection Account Bank or the Issuer, in order for the Servicer, Collection Account Bank and/or the Issuer Account Bank (i) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (ii) to avoid taking action which it or the Issuer would otherwise be required to take to enable the relevant Transaction Party to continue performing such role (including, without limitation, posting collateral or advancing funds):
 - (A) the Servicer, the Collection Account Bank or the Issuer, as the case may be, certifies in writing to the Trustee or (in the case of certification delivered by the Servicer or the Collection Account Bank) the Issuer that such modification is necessary for the purposes described in paragraph (b)(i) and/or (ii) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Trustee that it has received the same from the Servicer or the Collection Account Bank as the case may be);
 - (B) either:
 - (i) the Servicer, the Collection Account Bank or the Issuer, as the case may be, obtains a Ratings Confirmation from each of the Rating Agencies in relation to such modification (or certifies in writing to the Trustee or (in the case of certification delivered by the Servicer or the Collection Account Bank) the Issuer that it has been unable to obtain a Ratings Confirmation from each of the Rating Agencies, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency and (y) any Rating Agency placing any Notes on rating watch negative (or equivalent)) and, if relevant, delivers a copy of each such Ratings Confirmation to the Issuer and the Trustee; or
 - (ii) the Issuer (or the Servicer on its behalf) certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and each Rating Agency has provided a Ratings Confirmation; and
 - (C) the Servicer or the Issuer, as the case may be, pays all costs and expenses (including legal fees) incurred by the Issuer and the Trustee in connection with such modification;

17.2.2 for the purpose of complying with any changes in the requirements of the UK Securitisation Framework, after the Closing Date including, but not limited to, risk retention, transparency and/or investor due diligence) or any other risk retention legislation or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- 17.2.3 for the purpose of complying with any changes in the requirements of the EU Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation or any other risk retention legislation or regulations or official guidance in relation thereto;
- 17.2.4 for the purposes of enabling the Notes to be (or to remain) listed on the Main Market, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; and
- 17.2.5 for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- 17.2.6 for the purpose of complying with any changes in the requirements of the UK CRA Regulation and the EU CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA Regulation and the EU CRA Regulation or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- 17.2.7 for the purposes of enabling any Class of Notes to comply with the criteria for Level 2B securitisations set out in Article 13 of the LCR Regulation or Article 13 of the UK LCR Regulation (as amended, replaced and/or supplemented from time to time and to the extent permitted by applicable law) **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- 17.2.8 for the purposes of complying (or continuing to comply) with the applicable requirements of the UK CRR, the EU CRR, UK Solvency II or EU Solvency II after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRR, the EU CRR, UK Solvency II or EU Solvency II or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,
- (the certificate to be provided by the Issuer or the relevant Transaction Party and signed by two directors, as the case may be, pursuant to Condition 17.2.1 to 17.2.7 above being a "**Modification Certificate**");
- 17.2.9 for the purpose of changing the reference rate in respect of the Notes (the "**Relevant Reference Rate**") to an alternative reference rate (including where such reference rate may remain linked to SONIA but may be calculated in a different manner) (any such reference rate, an "**Alternative Reference Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Reference Rate Modification**"), **provided that**, in relation to any amendment under this Condition 17.2.8:
- (a) such Reference Rate Modification is being undertaken in order to, so far as reasonably and commercially practicable, preserve what would have been the expected Note Rate applicable to each Class of Notes had no Reference Rate Modification been effected;
 - (b) the Issuer certifies to the Trustee in writing (such certificate a "**Reference Rate Modification Certificate**") that:
 - (i) such Reference Rate Modification is being undertaken due to:
 - (i) a material disruption to SONIA, a material change in the methodology of calculating SONIA (as determined by the Servicer acting reasonably) or SONIA ceasing to exist or be published;

- (ii) the insolvency or cessation of business of the administrator of SONIA (in circumstances where no successor Servicer has been appointed);
 - (iii) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor Servicer has been appointed that will continue publication of SONIA) with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification;
 - (iv) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in a material manner with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification;
 - (v) a public statement by the supervisor of the SONIA administrator that means SONIA will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification;
 - (vi) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a base rate endorsed in a public statement by the Bank of England, the FCA or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, despite the continued existence of SONIA;
 - (vii) it having become unlawful and/or impossible and/or impracticable for the Agent Bank or the Issuer to calculate any payments due to be made to any Noteholder using SONIA; or
 - (viii) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in sub-paragraphs (i) to (vii) above will occur or exist within six months of the proposed effective date of such Reference Rate Modification; and
- (ii) such Alternative Reference Rate is:
- (i) a reference rate published, endorsed, approved or recognised by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates (which, for the avoidance of doubt, may be an alternative reference rate together with a specified adjustment factor which may increase or decrease the relevant alternative reference rate);
 - (ii) a reference rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed floating rate notes prior to the effective date of such Reference Rate Modification;
 - (iii) a reference rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed notes prior to

the effective date of such Reference Rate Modification (for these purposes, five such issues shall be considered material); or

- (iv) such other reference rate as the Servicer reasonably determines, **provided that** this option may only be used if the Issuer certifies to the Trustee that, in the reasonable opinion of the Issuer, neither Condition 17.2.8(c)(i), Condition 17.2.8(c)(ii) nor Condition 17.2.8(c)(iii) are applicable and/ or practicable in the context of the Transaction, and sets out the rationale in the Reference Rate Modification Certificate for choosing the Alternative Reference Rate,

and in each case, the change to the Alternative Reference Rate will not, in the Issuer's opinion, be materially prejudicial to the interest of the Noteholders.

For the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Reference Rate on more than one occasion **provided that** the conditions set out in this Condition 17.2.8 are satisfied;

- (c) and **provided further that** either:

- (i) the Issuer has obtained a Ratings Confirmation from each of the Rating Agencies in relation to the proposed benchmark rate modification (or certifies in the Reference Rate Modification Certificate that it has been unable to obtain a Ratings Confirmation from each Rating Agency, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies that the proposed benchmark rate modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent)) and, if relevant, it has provided a copy of any Ratings Confirmation to the Trustee with the Reference Rate Modification Certificate; or
- (ii) the Issuer, or the Servicer on behalf of the Issuer, certifies in the Reference Rate Modification Certificate that it has given the Rating Agencies at least 10 Business Days prior written notice of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent).

In the case of a Reference Rate Modification, such written notice shall include details of the adjustment which the Issuer proposes to make (if any) to the margin payable on each Class of Notes which are the subject of the Reference Rate Modification in order to, so far as reasonably and commercially practicable, preserve what would have been the expected Note Rate applicable to each such Class of Notes had no such Reference Rate Modification been effected (the "**Note Rate Maintenance Adjustment**" which, for the avoidance of doubt, may effect an increase or a decrease to the margin or may be set at zero), **provided that**:

- (A) in the event that the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, has published, endorsed, approved or recognised a note rate maintenance adjustment mechanism which could be used in the context of a transition from the Relevant Reference Rate to the Alternative Reference Rate, then

the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Reference Rate Modification; or

- (B) in the event that it has become generally accepted market practice in the Sterling-denominated asset backed floating rate notes market to use a particular note rate maintenance adjustment mechanism in the context of a transition from the Relevant Reference Rate to the Alternative Reference Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Reference Rate Modification; or

17.2.10 for the purpose of changing the reference rate that then applies in respect of the Swap Agreement to an alternative reference rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) and the Swap Provider solely as a consequence of a Reference Rate Modification and solely for the purpose of aligning the reference rate of the Swap Agreement to the reference rate of the Notes following such Reference Rate Modification (a "**Swap Rate Modification**"), **provided that** the Servicer, on behalf of the Issuer, certifies to the Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**");

17.2.11 for the purpose of changing the reference rate made in accordance with the 2021 ISDA Interest Rate Derivatives Definitions (a "**2021 ISDA Reference Rate Modification**") **provided that** the Servicer on behalf of the Issuer certifies to the Trustee in writing that such modification is required solely for the purpose to such effect (such certificate being a "**2021 ISDA Reference Rate Modification Certificate**");

provided that in the case of any modification made pursuant to Conditions 17.2.1 to 17.2.10 above:

- (a) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee and the Agent Bank, and the Issuer pays (or arranges for the payment of) all fees, costs and expenses (including legal fees) incurred by the Trustee and the other Transaction Parties in connection with such modification;
- (b) the Modification Certificate, Reference Rate Modification Certificate, Swap Rate Modification Certificate or 2021 ISDA Reference Rate Modification Certificate, as applicable, in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (c) the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained;
- (d) other than in the case of a modification pursuant to Condition 17.2.1(b), either:
 - (i) the Issuer obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate, the Reference Rate Modification Certificate, Swap Rate Modification Certificate or 2021 ISDA Reference Rate Modification Certificate, as applicable, that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the

- Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); or
- (ii) the Issuer (or the Servicer on its behalf) certifies in the Modification Certificate, Reference Rate Modification Certificate, Swap Rate Modification Certificate or 2021 ISDA Reference Rate Modification Certificate, as applicable, that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent);
 - (e) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with the Notices Condition and, if practicable, by publication on Bloomberg on the "Company News" screen relating to the Notes and Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have not contacted the Issuer and the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer and the Trustee that such Noteholders do not consent to the modification; and
 - (f) the Issuer shall procure that no amendment, modification, supplement, waiver or consent in respect of the Transaction Documents or the Conditions (a "**Proposed Amendment**") shall be made without the Swap Provider having given its prior written consent, where such Proposed Amendment would have the effect, in each case in the opinion of the Swap Provider, acting in good faith: (i) that immediately thereafter, the Swap Provider would be required to pay more or to receive less from a third-party transferee if it were to transfer each of the Transactions to such third-party transferee than would otherwise be the case if such Proposed Amendment was not made; (ii) of altering the amount, timing or priority of any payments or deliveries due from the Issuer to the Swap Provider or from the Swap Provider to the Issuer (as applicable); (iii) of altering the status of the Swap Provider as a Secured Creditor; (iv) of altering the Secured Obligations owed to the Swap Provider or altering the terms of the Security such that it affects the Swap Provider; (v) of resulting in an amendment or waiver that affects the Swap Provider of the undertakings of the Issuer as set out in the Transaction Documents related to a refinancing of the Notes or the sale, transfer or disposal of the assets of the Issuer in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date; or (vi) of altering any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter.

If Noteholders representing at least 10 per cent, of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Issuer and the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Condition 16 (*Meetings of Noteholders*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Trustee's satisfaction of the relevant Noteholder's holding of the Notes.

Other than where specifically provided in this Condition 17.2 (*Additional Right of Modification*) or any Transaction Document:

- (a) when implementing any modification pursuant to this Condition 17.2 (*Additional Right of Modification*), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 17.2 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) in all cases, the Trustee and the Agents shall not be obliged to agree to any modification which, in the sole opinion of the Trustee or the Agents (as applicable) would have the effect of (i) exposing the Trustee or the Agents to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee or the Agents in the Transaction Documents and/or these Conditions.

17.3 Notification of modification

Any modification to the Transaction Documents or these Conditions shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
- (b) the Secured Creditors; and
- (c) the Noteholders, in accordance with the Notices Condition.

17.4 Uncertainty

Notwithstanding any provision of the Conditions, if in an Agent's sole opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation provided for by the terms of a Reference Rate Modification, the relevant Agent shall promptly notify the Issuer thereof and the Issuer shall direct the relevant Agent in writing as to which alternative course of action to adopt. If the relevant Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the relevant Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

17.5 Replacement Account Bank Agreement

Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, the Trustee may enter into a replacement Account Bank Agreement without the consent of the Noteholders **provided that** the requirements of clause 12.7 of the Account Bank Agreement are satisfied.

17.6 Waiver

In addition, the Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Trust Documents, the Notes or any of the other Transaction Documents (including an Event of Default or Potential Event of Default) if, in the opinion of the Trustee, the holders of the Most Senior Class of outstanding Notes will not be materially prejudiced by such waiver.

17.7 Restriction on power to waive

The Trustee shall not exercise any powers conferred upon it by Condition 17.6 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of outstanding Notes or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of outstanding Notes, but so that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Basic Terms Modification unless the holders of each class of outstanding Notes has, by Extraordinary Resolution, so authorised its exercise.

17.8 Notification

The Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

17.9 Binding Nature

Any authorisation, waiver, determination or modification referred to in Condition 17.1 (*Modification*), Condition 17.2 (*Addition Right of Modification*) or Condition 17.6 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors.

18. NON-RESPONSIVE RATING AGENCY

18.1 In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the Trustee shall be entitled but not obliged to take into account (and may rely without further enquiry and without liability on) any Ratings Confirmation.

18.2 If a Ratings Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Ratings Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Trustee) and:

(a) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Ratings Confirmation necessary in the circumstances or that it does not, as a matter of practice or policy provide such Ratings Confirmation or (B) within 30 days of delivery of such request, no Ratings Confirmation is received and/or such request elicits no statement by such Rating Agency that such Ratings Confirmation or response could not be given; and

(b) one Rating Agency gives such Ratings Confirmation or response based on the same facts,

then such condition to receive a Ratings Confirmation from each Rating Agency shall be modified so that there shall be no requirement for the Ratings Confirmation from the Non-Responsive Rating Agency if the Issuer (or the Servicer on its behalf) provides to the Trustee a certificate (upon which the Trustee can rely without further investigation and without liability to any person) certifying and confirming that the events in one of paragraphs (a)(A) or (B) and the event in subparagraph (b) above have occurred, the Issuer having sent a written request to each Rating Agency.

19. PRESCRIPTION

19.1 Principal

Claims for principal in respect of Notes shall become void where application for payment is made more than ten years after the due date therefor.

19.2 Interest

Claims for interest in respect of Notes, shall become void where application for payment is made more than five years after the due date therefor.

20. REPLACEMENT OF NOTES

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and requirements of the Stock Exchange, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

21. TRUSTEE AND AGENTS

21.1 Trustee's right to Indemnity

Under the Transaction Documents, the Trustee is entitled to be indemnified and/or secured and/or prefunded to its satisfaction and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

21.2 Trustee not responsible for loss or for monitoring

The Trustee is not responsible for any loss, expense or liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Trustee (as applicable). The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

21.3 Regard to classes of Noteholders

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will (except where expressly provided otherwise):

- (a) have regard to the interests of each class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
- (b) in the event of a conflict of interests of holders of different classes have regard only to the interests of the holders of the Most Senior Class of outstanding Notes and will not have regard to any lower ranking class of Notes nor, prior to the redemption in full of the Notes, to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.

21.4 Paying Agents solely agents of Issuer

In acting under the Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

21.5 Initial Paying Agents

The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent, registrar or agent bank and additional paying agents at any time, having given not less than 30 days' notice to such Agent.

22. SUBSTITUTION

22.1 Substitution of Issuer

Subject to Condition 22.2 (*Conditions of Substitution*), the Trustee may, without the consent of the Noteholders of any Class or any other Secured Creditor, agree with the Issuer to the substitution in place of the Issuer (or of the previous substitute under this Condition 22) as the principal debtor under this Trust Deed, the Notes of each Class and the other Transaction Documents of a Substituted Obligor.

22.2 Conditions of Substitution

The following conditions shall apply to any substitution referred to in Condition 22.1 (*Substitution of Issuer*):

- 22.2.1 a supplemental trust deed is executed or an undertaking is given by the Substituted Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the provisions of this Trust Deed, the Notes and the other Transaction Documents with any consequential amendments which the Trustee may deem appropriate as fully as if the Substituted Obligor had been named in this Trust Deed, the Notes and the other Transaction Documents as the principal debtor in place of the Issuer (or of the previous substitute under this Condition 22);
- 22.2.2 two (2) authorised representatives of the Substituted Obligor shall certify to the Trustee which certificate the Trustee may rely upon absolutely and without further enquiry or liability) that all or substantially all of the assets of the Issuer shall have been transferred to the Substituted Obligor;
- 22.2.3 the Issuer and the Substituted Obligor shall execute and the Issuer will procure that any relevant party shall execute such other deeds, documents and instruments (if any), provide such information as the Trustee or any other Transaction Party may require (including without limitation satisfying each applicable Transaction Party's "Know Your Client" requirements) and comply with such other requirements as the Trustee may direct in the interests of the Noteholders;
- 22.2.4 two (2) authorised representatives of the Substituted Obligor shall certify to the Trustee, which certificate the Trustee may rely upon absolutely and without further enquiry or liability) that (i) all governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Obligor of liability as principal debtor in respect of, and of its obligations under, the Notes have been obtained and (ii) such approvals and consents are at the time of substitution in full force and effect;
- 22.2.5 at any time whilst any of the Class A Notes remains Outstanding, a Ratings Confirmation shall have been received in respect thereof;
- 22.2.6 two (2) authorised representatives of the Substituted Obligor certify to the Trustee that the Substituted Obligor is solvent at the time at which the relevant transaction is proposed to be effected (which certificate the Trustee may rely upon absolutely and without further enquiry or liability) the Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the Substituted Obligor or to compare the same with those of the Issuer or the previous substitute under this Condition 22.2 as applicable;
- 22.2.7 for so long as any Notes are listed on a stock exchange, compliance with the rules of such stock exchange (including, without limitation, provision of notice to such stock exchange and, where so required, publication of a supplemental prospectus); and
- 22.2.8 the Trustee shall have received (at the Issuer's expense) written advice of legal counsel experienced in such matters to the effect that such substitution would not have a material adverse effect on the tax treatment of the Issuer or the tax consequences to the Noteholders

and the Trustee shall be entitled to rely on any such written advice without further enquiry or liability.

22.3 Notice of Substitution of Issuer

Not later than fourteen calendar days after any substitution of the Issuer in accordance with this Condition, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.

22.4 Change of Law

In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or the other Secured Creditors to a change of the law governing the Notes and/or any of the Transaction Documents **provided that** such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class of outstanding Notes, **provided that** the Rating Agencies are notified. For the avoidance of doubt, a Transaction Document cannot be amended without the agreement of all the parties thereto.

22.5 No indemnity

No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

23. NOTICES

23.1 Valid Notices

For so long as the relevant Notes are in global form, any notice to Noteholders shall be validly given to the relevant Noteholders if sent to the Clearing Systems for communication by them to the holders of the relevant class of Notes and shall be deemed to be given on the date on which it was so sent. If Definitive Certificates are issued, any notice to the holders thereof shall be validly given if sent by first class mail to them at their respective addresses in the Register (or the first named of joint holders) and notice shall be deemed to have been given on the second Business Day after the date of mailing. So long as the relevant Notes are admitted to trading on the Main Market any notice shall also be published in accordance with the relevant guidelines of the Stock Exchange, and any notice so published shall be deemed to have been given on the date of publication.

23.2 Other Methods

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

24. GOVERNING LAW AND JURISDICTION

24.1 Governing law

The Transaction Documents and the Notes and all non-contractual obligations arising from or connected with them are governed by English law, except certain provisions in the Transaction Documents relating to property situated in Scotland, which shall be construed in accordance with Scots law. The Scottish Declarations of Trust, each Scottish Supplemental Charge and any Scottish Transfer and Scottish Sub-Security and all non-contractual obligations arising out of or in connection with them are governed by Scots law.

24.2 **Jurisdiction**

The Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Transaction Documents may be brought in such Courts. The Issuer has in each of the Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of such Courts.

TAX TREATMENT OF THE NOTES

UK Tax

The following is a summary of the UK withholding taxation treatment at the date hereof in relation to payments of principal and interest (as that term is understood in UK tax law) in respect of the Notes. It is based on current law and the practice of His Majesty's Revenue and Customs ("HMRC"), which may not be binding on HMRC and may be subject to change, sometimes with retrospective effect. The comments do not deal with other UK tax aspects of acquiring, holding or disposing of the Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the UK in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain UK taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the UK. The statements below assume that there will be no substitution of the Issuer pursuant to Condition 22 (Substitution) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

Interest on the Notes

Withholding tax on payments of interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of UK income tax **provided that** the Notes carry a right to interest, and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007.

The Stock Exchange is a recognised stock exchange. The Notes will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and they are included in the UK official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000). The Stock Exchange is a recognised stock exchange. Provided therefore, that the Notes carry a right to interest and are and remain so listed on the Official List and are admitted to trading on the Regulated Market of the Stock Exchange, interest on the Notes will be payable without deduction of or withholding on account of UK income tax.

In all cases falling outside the exemption described above, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of UK income tax at the relevant rate (currently at the basic rate of 20 per cent., and with effect from and including 6 April 2027, at the savings basic rate of 22 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Other Taxes

FATCA Withholding

Pursuant to certain provisions of the Code, commonly known as FATCA, a "**foreign financial institution**" (including an intermediary through which the Notes are held) may be required to withhold at a rate of 30% on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer expects to be treated as a foreign financial institution for these purposes. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required

pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, under proposed U.S. Treasury Regulations such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed U.S. Treasury Regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. FATCA is particularly complex and its application is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated on or about the date hereof amongst the Issuer, the Seller, the Retention Holder, the Joint Lead Managers and the Arrangers (the "**Subscription Agreement**"), the Joint Lead Managers have agreed with the Issuer (subject to certain conditions) that they will, on the Closing Date, subscribe and pay for or procure subscriptions and payments for, £250,000,000 of the Class A Notes at a subscription price of 100 per cent. of the aggregate principal amount of the Class A Notes. In addition, pursuant to the Subscription Agreement, NBS (the "**Initial Note Purchaser**") has agreed with the Issuer (subject to certain conditions) that it will, on the Closing Date, subscribe and pay for:

- (a) £100,000,000 of the Class A Notes at a subscription price of 100 per cent. of the aggregate principal amount of the Class A Notes; and
- (b) £33,060,000 of the Class B Notes at a subscription price of 100 per cent. of the aggregate principal amount of the Class B Notes.

NBS may, from time to time, without the consent of any Noteholders, in the future sell its Class A Notes and the Class B Notes (subject to compliance with the relevant risk retention requirements) to subsequent purchasers in individually negotiated transactions at negotiated prices which may vary among different purchasers and which may be greater or less than the issue price of any Notes.

The Issuer and NBS have each agreed to indemnify the Arrangers and the Joint Lead Managers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

No action has been taken by the Issuer, the Arrangers, the Joint Lead Managers or NBS, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United Kingdom

In relation to the Notes, each of the Arrangers and the Joint Lead Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Each of the Arrangers, the Joint Lead Managers, the Seller and the Issuer has acknowledged that, save for the approval of the Prospectus by the FCA, the filing of the Prospectus with the FCA and making the Prospectus available to the public in accordance with the POATRs and the PRM, no further action has been or will be taken in any jurisdiction by the Joint Lead Managers, the Arrangers, the Seller or the Issuer that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

United States

In relation to the Notes, each Arranger and each Joint Lead Manager has represented and agreed that:

- (a) it understands that the Notes have not been and will not be registered under the Securities Act or any state securities laws or "blue sky" laws and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or a transaction

not subject to, such registration requirements. Accordingly, the Notes are being offered or sold outside the United States to persons other than U.S. persons (as defined in and pursuant to Regulation S of the Securities Act) in offshore transactions in reliance on Regulation S;

- (b) it will not offer or sell the Notes as part of its distribution at any time or otherwise until 40 calendar days after the later of the commencement of the offering of the Notes and the Closing Date (the **"Distribution Compliance Period"**) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in accordance with Rule 903 or 904 of Regulation S, and it will have sent to each affiliate, distributor, dealer or other person receiving a selling commission, fee or other remuneration (if any) to which it sells the Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account of, U.S. persons (as defined in Regulation S); and
- (c) it understands that until the expiration of the Distribution Compliance Period, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to Retail Investors in the European Economic Area

Each of the Arrangers and the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA.

For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **"MiFID II"**); or
 - (ii) a customer within the meaning of directive (EU) 2016/97 (known as the Insurance Distribution Directive) as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (b) the expression **"EU Prospectus Regulation"** means Regulation (EU) 2017/1129).

Prohibition of Sales to UK Retail Investors

Each of the Arrangers and the Joint Lead Managers has represented and agreed that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes to any retail investor in the UK.

For the purposes of this provision, the expression "retail investor" means a person who is not a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Withdrawal Act 2020) as amended, varied, superseded or substituted from time to time (the **"EUWA"**).

General

NBS has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including interests therein represented by a Global Note, a registered Definitive Certificate or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

Investor Representations

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interest in the Notes, including Book-Entry Interests) during the initial syndication will be deemed and, in certain circumstances, will be required to have represented and agreed as follows: it (1) is not a Risk Retention U.S. Person (2) is acquiring such Note, or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules).

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

- (a) the purchaser is located outside the United States and is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate and is acquiring such Notes for its own account or as a fiduciary or agent for other non-US persons in an "offshore transaction" (as defined in Regulation S) pursuant to an exemption from registration provided by Regulation S;
- (b) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only: (i) to a purchaser who is not a U.S. Person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. Person (as defined in Regulation S) and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; (ii) pursuant to an effective registration statement under the Securities Act; or (iii) pursuant to another exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States; provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (c) unless the relevant legend set out below has been removed from the Notes such purchaser shall notify each transferee of Notes (as applicable) from it that: (i) such Notes have not been registered under the Securities Act; (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) and (c) above; (iii) such transferee shall be deemed to have represented that such transferee is a non-U.S. Person (as defined in Regulation S) and acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;

- (d) the Issuer, the Registrar, the Arrangers, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements;
- (e) the Notes and related documentation may be amended or supplemented from time to time to modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resales or transfer of securities such as the Notes generally, and that it will be deemed, by its acceptance of such Notes, to have agreed to any such amendment or supplement;
- (f) if the purchaser purchased the Notes during the initial syndication of the Notes, it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained the prior written consent of NBS (a "**U.S. Risk Retention Consent**"), (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules);
- (g) the Issuer may receive a list of participants holding positions in its securities from one or more book entry depositaries, and that those participants may further disclose to the Issuer the names and positions of holders of its securities; and
- (h) it will promptly: (i) inform the Issuer if, during any time it holds a Note, there shall be any change in the acknowledgements, representations and agreements contained above or if they shall become false for any reason; and (ii) deliver to the Issuer such other representations and agreements as to such matters as the Issuer may, in the future, request in order to comply with applicable law and the availability of any exemption therefrom.

Each purchaser understands that: (i) the sale of the Notes (including interests therein represented by a Global Note, a Definitive Certificate or a Book-Entry Interest) to it is being made in reliance on Regulation S; and (ii) the Notes (including interests therein represented by a Global Note, a Definitive Certificate or a Book-Entry Interest) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below:

THIS NOTE HAS NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE ISSUER (AS DEFINED IN THE TRUST DEED) HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") AND, FOLLOWING THE CLOSING OF THE OFFERING, THE NOTES MAY ONLY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO (I) A PURCHASER WHO IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) OR AN AFFILIATE OF THE ISSUER OR A PERSON ACTING ON BEHALF OF SUCH AFFILIATE, AND WHO IS NOT ACQUIRING THE NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S) AND IS ACQUIRING THE NOTES UNDER AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S; (II) OTHERWISE UNTIL 40 CALENDAR DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING DATE; OR (III) PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN THE CASE OF (I), (II) OR (III) ABOVE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES; AND IN PRINCIPAL AMOUNT OF NOT LESS THAN £100,000.

THE PURCHASER OF THIS NOTE OR ANY INTEREST IN THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT: (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT BE, A BENEFIT PLAN INVESTOR AS DEFINED IN SECTION 3(42) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"); AND (II) IF IT IS OR MAY BECOME A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS NOT SUBJECT TO TITLE

I OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, (THE "**CODE**"), ITS PURCHASE AND HOLDING OF THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY U.S. FEDERAL, STATE OR LOCAL LAW OR ANY NON U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE. "**BENEFIT PLAN INVESTOR**," AS DEFINED IN SECTION 3(42) OF ERISA, INCLUDES (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

THE NOTES OFFERED AND SOLD BY THE ISSUER ARE NOT DESIGNED TO INVOLVE THE RETENTION BY A SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITISED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE U.S. RISK RETENTION RULES (AS DEFINED BELOW) REGARDING NON-U.S. TRANSACTIONS OTHER THAN THE EXEMPTION UNDER SECTION 20 OF THE U.S. RISK RETENTION RULES (AS DEFINED BELOW), AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE ORIGINATOR, THE ARRANGERS, THE JOINT LEAD MANAGERS OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF NEWCASTLE BUILDING SOCIETY (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), ANY NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**").

PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. ANY PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED AND IN CERTAIN CIRCUMSTANCES REQUIRED, TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF NEWCASTLE BUILDING SOCIETY), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES INCLUDING ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES.

THE PURCHASER IS HEREBY NOTIFIED THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES, AND THAT THOSE PARTICIPANTS MAY FURTHER DISCLOSE TO THE ISSUER THE NAMES AND POSITIONS OF HOLDERS OF ITS SECURITIES.

PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, AN INTEREST IN THIS NOTE MAY BE HELD ONLY THROUGH EUROCLEAR OR CLEARSTREAM, LUXEMBOURG.

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

LISTING AND GENERAL INFORMATION

1. It is expected that the admission of the Notes to the Official List and the admission of the Notes to trading on the Main Market will be granted on or around 17 September 2026. Prior to listing, however, dealings will be permitted by the Stock Exchange in accordance with its rules. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the date of the transaction.
2. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 30 March 2026 (being the date of incorporation of the Issuer) which may have, or have had during the 12 months preceding the date of this Prospectus, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.
3. No statutory or non-statutory accounts within the meaning of Sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. So long as the Notes are admitted to trading on the Main Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the Specified Office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
4. The auditors of the Issuer, Deloitte LLP, are members of the Institute of Chartered Accountants of England and Wales. The financial year end of the Issuer is 31 December. The first statutory financial statements of the Issuer will be prepared for the period ended 31 December 2026.
5. For so long as the Notes are admitted to the Official List and to trading on the Main Market, the Issuer shall maintain a Paying Agent in the UK.
6. The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established and operating in the UK and registered under the UK CRA Regulation.
7. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of its business.
8. Since the date of its incorporation, the Issuer has not commenced operations.
9. Save as disclosed in this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or given any charges or guarantees.
10. Since 30 March 2026 (being the date of incorporation of the Issuer), there has been: (a) no material adverse change in the financial position or prospects of the Issuer; and (b) no significant change in the financial or trading position of the Issuer.
11. The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 11 September 2026.
12. The following Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Codes:

Class of Notes	ISIN	Common Code
Class A	XS3441717777	344171777
Class B	XS3441717850	344171785

For so long as this Prospectus is in effect, copies of the memorandum and articles of association of each of the Issuer and Holdings and the annual financial statements of the Issuer (as soon as published) may be inspected at the registered office of the Corporate Services Provider during usual business hours, on any weekday (UK public holidays excepted).

The Issuer confirms that the Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, investors are advised that this confirmation is based on the information available to the Issuer at the date of this

Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Consequently, investors are advised to review carefully any disclosure in this Prospectus together with any amendments or supplements thereto.

The Seller (as the originator for the purposes of the PRA Securitisation Rules and the EU Securitisation Regulation, as if applicable to the Seller and as in force on the Closing Date) has been appointed as the designated reporting entity under Chapter 2, Article 7(2) of the PRA Securitisation Rules and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date). The Seller will either fulfil its obligations under Chapter 2, Article 7(2) of the PRA Securitisation Rules and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date) itself or shall procure that such requirements are complied with on its behalf. As to the information made available to prospective investors by the Seller, reference is made to the information set out herein and forming part of this Prospectus and to the UK Investor Report and EU Investor Report to investors that are prepared pursuant to the Cash Management Agreement.

The Cash Manager will make available all such information to investors and potential investors in order for them to comply with their obligations under SECN 4.2 (for the purposes of investors that are regulated by the FCA) and Article 5 of Chapter 2 of the PRA Securitisation Rules (for the purposes of investors that are regulated by the PRA) and regulation 32B of the SR 2024 (for the purposes of investors that are occupational pension schemes), and Article 5 of the EU Securitisation Regulation (as if it were applicable to the originator and as in force on the Closing Date) (for the purposes of assisting institutional investors based in the EU).

Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.

The Issuer's LEI number is: 213800VMHFPFUI1JA96.

Documents available for inspection

For so long as any of the Notes remain outstanding, copies of the Transaction Documents (including each Scottish Declaration of Trust, with the schedule thereto duly redacted) may be inspected at the Specified Office of the Principal Paying Agent during usual business hours on any weekday, apart from UK public holidays.

This Prospectus will be made available in electronic form on the website of the Main Market at <http://www.londonstockexchange.com/exchange/news/market-news/marketnews-home.html>.

GLOSSARY

"2021 ISDA Reference Rate Modification" has the meaning given to it in Condition 17.2.11.

"2021 ISDA Reference Rate Modification Certificate" has the meaning given to it in Condition 17.2.11.

"Account Bank Agreement" means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the Issuer Account Bank and the Trustee.

"Accrued Interest" means in respect of a Loan as at any date the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the monthly payment date immediately preceding the relevant date to (but excluding) the relevant date.

"Additional Account" means any account (in addition to the Transaction Account) in the name of the Issuer at the Issuer Account Bank, any Custodian or any other bank created after the Closing Date.

"Additional Interest" means interest accrued on Deferred Interest at the rate of interest applicable from time to time to the Class B Notes.

"Additional Termination Event" has the meaning given to that term in the Swap Agreement.

"Administration Services" means the services to be provided by the Servicer set out in the Servicing Agreement including in schedule 1 (*The Services*) thereto and the services to be provided under the replacement servicing agreement, as the case may be.

"Advance Date" means, in relation to a Loan which is subject to a Further Advance, the date on which the Seller makes such Further Advance to a Borrower.

"Affected Investor" means a UK Affected Investor and/or an EU Affected Investor, as the context requires.

"Agency Agreement" means the agreement so named dated on or about the Closing Date between the Issuer, the Agents and the Trustee.

"Agent Bank" means Citibank, N.A., London Branch in its capacity as agent bank pursuant to the Agency Agreement (or any successor duly appointed).

"Agents" means the Agent Bank and the Paying Agents and the Registrar (or any successors duly appointed) and **"Agent"** means any of them.

"Ancillary Rights" means in relation to a Right, all ancillary rights, accretions and supplements to such Right, including any guarantees or indemnities in respect of such Right.

"Alternative Reference Rate" has the meaning given to it in Condition 17.2.9.

"Appointee" means any delegate, agent, nominee, custodian, attorney or manager appointed or employed by the Trustee pursuant to the provisions of the Trust Documents and other Transaction Documents.

"Arrangers" means BNP Paribas and Merrill Lynch International.

"Arrears of Interest" means as at any date in respect of any Loan, the aggregate of all interest (other than Capitalised Arrears, Capitalised Interest or Accrued Interest) on that Loan which is currently due and payable and unpaid on that date.

"Authorised Investment(s)" means the investment of amounts standing to the credit of the General Reserve Fund in the Transaction Account in:

- (a) money market funds that maintain:
 - (i) a rating of at least AAAmf by Fitch (or at least Aaa-mf rating by Moody's for money market funds if not rated by Fitch); and
 - (ii) a rating of at least Aaa-mf by Moody's; and

- (b) Euro demand or time deposits, certificates of deposit or short-term debt obligations (including commercial paper),

provided that:

- (i) with respect to any investments with a maturity date of 30 days or less, the issuing or guaranteeing entity with which the demand or time deposits are made has (A) short-term, unguaranteed and unsubordinated debt obligations of at least F1 by Fitch or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A by Fitch, (B) short-term, unguaranteed and unsubordinated debt obligations of at least "P-1" by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least "A2" by Moody's, or (C) such other ratings that are consistent with the then published criteria of the relevant Rating Agency; and
- (ii) with respect to investments with a maturity date of more than 30 days but less than or equal to 60 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least F1+ by Fitch or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least AA- by Fitch, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least "P-1" by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least "A1" by Moody's or (C) such other ratings that are consistent with the then published criteria of the relevant Rating Agency,

provided that, in each case, such investments have a maturity date of 60 days or less and mature before the next following Interest Determination Date.

"Available Principal Receipts" means, for each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) all Principal Receipts received by the Issuer during the immediately preceding Collection Period; and
- (b) the amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (f) and (i) of the Pre- Enforcement Revenue Priority of Payments on such Interest Payment Date,

less:

- (c) the amount of Principal Receipts to the extent comprised in paragraph (a) above used or to be used by the Issuer to purchase Further Advances made during the immediately preceding Collection Period.

"Available Revenue Receipts" means, for each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) Revenue Receipts received during the immediately preceding Collection Period, less amounts applied during such Collection Period in making payment of certain moneys which properly belong to third parties such as (but not limited to):
 - (i) payments of certain insurance premiums;
 - (ii) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account (including any amounts required to satisfy any of the obligations and/or liabilities incurred by the Collection Account Bank under the direct debit scheme), any other amounts due to the Collection Account Bank in respect of amounts which are credited to the Collection Account or the Sub-Collection Account but which are subsequently recalled or reversed as an unpaid sum and the Collection Account Bank's fees and charges for the operation of the Collection Account and the Sub-Collection Account;

- (iii) any amount received from a Borrower at any time (including upon redemption of the relevant Loan) for the express purpose of payment being made to a third party or the Seller for the provision of a service to that Borrower or the Seller,

(items within paragraphs (i), (ii) and (iii) being collectively referred to herein as "**Permitted Withdrawals**"), which amounts may be deducted by the Cash Manager on a daily basis from the Transaction Account to make payment to the Collection Account;

- (b) interest payable to the Issuer on the Transaction Account and income from any Authorised Investments in each case received during the immediately preceding Collection Period;
- (c) amounts received by the Issuer under the Swap Agreement (other than (i) any amounts credited, or to be credited, to any Swap Collateral Account (including, without limitation, any Replacement Swap Premium) which are not Swap Collateral Account Surplus; and (ii) any amount received by the Issuer in respect of Swap Tax Credits on or in respect of such Interest Payment Date);
- (d) any Swap Collateral Account Surplus;
- (e) any amounts standing to the credit of the General Reserve Fund but only:
 - (i) to the extent necessary after applying all Available Revenue Receipts (other than amounts falling within paragraphs (g) and (h) below) to pay any Revenue Deficiency on any Interest Payment Date; and
 - (ii) (without double counting) if the General Reserve Fund Excess Conditions are met, amounts credited to the General Reserve Fund in excess of the General Reserve Required Amount);
- (f) other net income of the Issuer received during the immediately preceding Collection Period, excluding any interest, distributions or redemption or sale proceeds received in respect of amounts standing to the credit of any Swap Collateral Account and without double counting the amounts described in paragraphs (a) to (e) above;
- (g) the amounts (if any) to be applied pursuant to paragraph (a) of the Pre-Enforcement Principal Priority of Payments representing any deficiency in the Available Revenue Receipts under paragraphs (a) to (f) above that is required to pay any Remaining Revenue Deficiency on any Interest Payment Date (up to an amount equal to the Available Principal Receipts on such Interest Payment Date); and
- (h) amounts deemed to be Available Revenue Receipts in accordance with item (d) of the Pre-Enforcement Principal Priority of Payments.

"**AVM**" means automated valuation model.

"**Back-Up Servicer Facilitator**" means CSC Capital Markets UK Limited acting in its capacity as back-up servicer facilitator pursuant to the Servicing Agreement (or any successor duly appointed).

"**Bank of England Information**" means all documents and loan level data in relation to the Portfolio to be made available and/or prepared by the Servicer as required by the Bank of England for the purpose of the Bank of England's Sterling Monetary Framework.

"**Basic Terms Modification**" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes of any class, to modify the amount of principal or interest due on any date in respect of the Notes of any class or to alter the method of calculating the amount of, or date fixed for, any payment in respect of the Notes of any class, save that a Reference Rate Modification, Swap Rate Modification or 2021 ISDA Reference Rate Modification shall not constitute a Basic Terms Modification;
- (b) (except in accordance with Condition 22 (*Substitution*) and clause 22 (*Substitution*) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes of any class for, or the

conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes;
- (e) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution of holders of the Most Senior Class then outstanding; or
- (f) to amend this definition.

"Benefit" in respect of any asset, agreement, property or right (each a **"Right"** for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person shall be construed so as to include:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Rights in respect of such Right;
- (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;
- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Rights;
- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and
- (e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach.

"Block Voting Instruction" means, in relation to any Meeting, an English language document issued by the Registrar and dated in which:

- (a) it is certified that on the date thereof, Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a Clearing System and that no such Notes will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the Notes ceasing with the agreement of the Principal Paying Agent to be so blocked and the giving of notice by the Principal Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes has instructed the Principal Paying Agent that the vote(s) attributable to the Notes so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such Meeting or any adjourned Meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;

- (c) the aggregate principal amount or aggregate total amount of the Notes so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Registrar to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (c) above as set out in such Block Voting Instruction, **provided that** no such person shall be named as a proxy:
 - (i) whose appointment has been revoked and in relation to whom the Registrar has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

"Book-Entry Interests" means a record of the beneficial interests in the Global Notes maintained by each of Euroclear and Clearstream, Luxembourg.

"Borrower" means, in relation to a Loan, the person or persons specified as such in the relevant Mortgage Conditions together with the person or persons (if any) from time to time assuming an obligation to repay such Loan or any part of it.

"Breach of Duty" means in relation to any person (other than the Trustee, the Cash Manager, the Custodian, the Agents and the Issuer Account Bank), a wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and in relation to the Trustee, the Agents, the Custodian, the Cash Manager and the Issuer Account Bank means a wilful default, fraud or gross negligence by the Trustee, the Agents, the Custodian, the Cash Manager or the Issuer Account Bank.

"Buildings Insurance Policies" means all buildings insurance policies relating to Properties taken out (a) in the name of the relevant Borrower and (b) in the name of the landlord in the case of leasehold Properties where the relevant landlord is responsible for insuring the Property.

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments in London and **"Business Days"** shall be construed accordingly.

"Calculated Principal Receipts" has the meaning given to it in Condition 8.11 (*Determinations and Reconciliation*).

"Calculated Revenue Receipts" has the meaning given to it in Condition 8.11 (*Determinations and Reconciliation*).

"Calculation Date" means in relation to an Interest Payment Date, the fourth Business Day prior to such Interest Payment Date.

"Capital Balance" means in respect of a Loan at any date the principal balance of that Loan.

"Capitalised Arrears" means, in relation to any Loan, at any date, amounts (excluding Arrears of Interest or amounts comprising Capitalised Expenses) which are overdue in respect of that Loan and which as at that date have been added to the Capital Balance of the Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

"Capitalised Expenses" means for any Loan at any date, expenses which are overdue in respect of that Loan and which as at that date have been added to the Capital Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

"Capitalised Interest" means, for any Loan at any date, interest which is overdue in respect of that Loan and which as at that date has been added to the Capital Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date).

"Cash Management Agreement" means the cash management agreement so named entered into on or about the Closing Date between the Cash Manager, the Issuer, the Seller, the Servicer and the Trustee and/or any successor or replacement Cash Management Agreement entered into by the Issuer from time to time.

"Cash Management Services" means the services to be provided to the Issuer by the Cash Manager pursuant to the Cash Management Agreement.

"Cash Manager" means Citibank, N.A., London Branch or such other person as may from time to time be appointed as cash manager pursuant to the Cash Management Agreement.

"Cash Manager Report" means the report in the form set out in schedule 3 (*Form of Cash Manager Report*) to the Cash Management Agreement prepared by the Cash Manager no later than each Cash Manager Reporting Date.

"Cash Manager Reporting Date" means three Business Days prior to the relevant Interest Payment Date.

"Cash Manager Termination Event" has the meaning given to it in clause 11.1 (*Cash Manager Termination Events*) of the Cash Management Agreement.

"Cash Manager Website" means the Cash Manager's website available at <https://sf.citidirect.com/stfin>.

"CCA" means the Consumer Credit Act 1974 and all related statutory instruments and secondary regulation made thereunder (as amended).

"Certificate of Title" means a solicitor's or licensed (or qualified) conveyancer's certificate of title obtained by or on behalf of the Seller in respect of each Property substantially in the form of the *pro forma* set out in the Standard Documentation.

"CET1 Ratio" means the ratio (expressed as a percentage) of Common Equity Tier 1 as at such date to the Risk Weighted Assets as at the same date, in each case calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis.

"Charged Accounts" means the Issuer Accounts (including the Swap Collateral Accounts) and any bank or other account in which the Issuer may at any time acquire a benefit and over which the Issuer has created an encumbrance in favour of the Trustee pursuant to the Deed of Charge.

"Charged Property" means all the property of the Issuer which is subject to the Security.

"Class" means each or any of the Class A Notes and the Class B Notes, as the case may be, or to the respective holders thereof.

"Class A Noteholders" means the persons who for the time being are holders of the Class A Notes.

"Class A Notes" means the £350,000,000 Class A mortgage-backed floating rate notes due September 2073.

"Class A Principal Deficiency Sub-Ledger" means the sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes.

"Class B Noteholders" means the persons who for the time being are holders of the Class B Notes.

"Class B Notes" means the £33,060,000 Class B mortgage-backed floating rate notes due September 2073.

"Class B Principal Deficiency Sub-Ledger" means the sub-ledger of the Principal Deficiency Ledger relating to the Class B Notes.

"Clean-Up Call Option" has the meaning given to it in Conditions 9.3 (*Optional Redemption in whole*).

"Clearing System(s)" means Euroclear and Clearstream, Luxembourg and includes in respect of any Note any clearing system on behalf of which such Note is held or which is the holder or (directly or through a nominee) registered owner of a Note, in either case whether alone or jointly with any other Clearing System(s).

"Clearstream, Luxembourg" means Clearstream Banking, S.A..

"Closing Date" means 17 September 2026, or such other date as the Issuer, the Arrangers and the Seller may agree.

"Code" means the U.S. Internal Revenue Code of 1986 as amended.

"Collection Account" means an account or accounts in the name of the Seller held with the Collection Account Bank.

"Collection Account Bank" means Barclays Bank PLC acting in its capacity as the bank at which the Collection Account and the Sub-Collection Account are maintained.

"Collection Accounts Declaration of Trust" means a declaration of trust dated 2 July 2026 between, among others, the Seller, the Servicer and the beneficiaries identified therein.

"Collection Accounts Declaration of Trust Accession Deed" means the accession deed entered into on or about the Closing Date, between (*inter alios*) the Issuer, the Trustee and the Seller pursuant to which Issuer will accede the Collection Accounts Declaration of Trust and which supplements the Collection Accounts Declaration of Trust.

"Collection Period" means the quarterly period commencing on (and including) a Collection Period Start Date and ending on (but excluding) the immediately following Collection Period Start Date, except that the first Collection Period will commence on (and exclude) the Provisional Cut-Off Date and end on (and exclude) the Collection Period Start Date falling in December 2026.

"Collection Period Start Date" means the first calendar day of March, June, September and December in each year, except that the first Collection Period Start Date will be 1 August 2026, and the second Collection Period Start Date will be 1 December 2026.

"Common Depositary" means a nominee for the common depositary for Euroclear and Clearstream, Luxembourg.

"Common Equity Tier 1" means, as at any date, the sum of all amounts that constitute common equity tier 1 capital of the Seller as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing Capital Requirements Regulation but without taking into account any transitional, phasing-in or similar provisions

"Common Safekeeper" means a common safekeeper for Euroclear and Clearstream, Luxembourg.

"Compounded Daily SONIA" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005% being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"d" is the number of calendar days in the relevant Interest Period;

"d₀" is the number of Business Days in the relevant Interest Period;

"i" is a series of whole numbers from one to d₀, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"LBD" means a London Banking Day;

"ni", for any day **"i"**, means the number of calendar days from and including such day **"i"** up to but excluding the following Business Day; and

"SONIAi-5LBD" means, in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to the relevant Business Day **"i"**.

"Condition(s)" means, in relation to the Notes, the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in the section entitled *"Terms and Conditions of the Notes"* as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly.

"Consideration" means £383,060,002.39 which is paid by the Issuer to the Seller on the Closing Date in partial consideration of the Seller's sale to the Issuer of the Loans and their Related Security comprising the Portfolio.

"Corporate Services Agreement" means the agreement so named dated on or about the Closing Date between the Corporate Services Provider, the Share Trustee, Holdings and the Issuer.

"Corporate Services Provider" means CSC Capital Markets UK Limited or such other person or persons for the time being acting as corporate services provider to the Issuer and Holdings pursuant to the Corporate Services Agreement.

"Current Balance" of any Loan means, on any date, the aggregate balance of the amounts charged to the Borrower's account in respect of a Loan at such date (but avoiding double counting) including:

- (a) the original principal amount advanced to the relevant Borrower and any further amount (including any Further Advance) advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage; and
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or capitalised in accordance with the Seller's normal charging practices and added to the amounts secured or intended to be secured by the related Mortgage; and
- (c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or in accordance with the Seller's normal charging practices but which is secured or intended to be secured by the related Mortgage, as at the end of the Business Day immediately preceding that given date,

less any repayment or payment (including, if permitted, by way of set off, withholding or counterclaim) of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released and any Further Advances committed to be made but not made by the end of the Business Day immediately preceding that given date.

"Custodian" means Citibank, N.A., London Branch or such other person as may from time to time be appointed as custodian pursuant to a custody agreement.

"Custody Agreement" means (i) the securities custody agreement made between, among others, the Issuer and the Custodian dated on the Closing Date to hold certain Swap Collateral posted under the Fixed Rate Swap Transaction, (ii) any global custodial services agreement as described in paragraph 1 of schedule 5 (*Authorised Investments*) of the Account Bank Agreement in relation to Authorised Investments, and (iii) any other custody agreement opened from time to time by the Issuer.

"Daily Loan Amount" has the meaning given to such term in the Servicing Agreement.

"Day Count Fraction" means, in respect of an Interest Period, the actual number of days in such period divided by 365 (or 366 days if the relevant calculation is being made in respect of an Interest Period ending in a leap year).

"Deed of Charge" means the deed so named entered into on or about the Closing Date between, amongst others, the Issuer and the Trustee.

"Deferred Consideration" means the consideration due and payable to the Seller pursuant to the Mortgage Sale Agreement in respect of the sale of the Portfolio, which shall be an amount equal to the amount remaining after making payment of (as applicable):

- (a) the items described in (a) to (m) inclusive of the Pre-Enforcement Revenue Priority of Payments on each Interest Payment Date; or
- (b) the items described in (a) to (k) inclusive of the Post-Enforcement Priority of Payments.

"Deferred Interest" shall have the meaning given to such term in Condition 8.10(a).

"Definitive Certificates" means certificates evidencing definitive notes in registered form representing one or more Notes of a Class in or substantially in the form set out in Part 2 of Schedule 1 (*Form of Definitive Certificate*) of the Trust Deed.

"Determination Period" means each Collection Period.

"Direct Debit" means a payment made pursuant to the Direct Debiting Scheme.

"Direct Debiting Scheme" means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.

"Discount Rate Loans" means Loans which allow the Borrower, for a set period of time or for the life of the Loan, to pay interest at a specified discount to the Seller Standard Variable Rate or Issuer Variable Rate, as the case may be. At the end of the discounted period, generally the Loans convert to a Variable Rate Loan. An early repayment charge may be payable in respect of these Loans for a set period of time, which generally corresponds with the term of the discounted interest rate.

"Early Repayment Charge" means any charge or fee which a Borrower is required to pay in accordance with the Mortgage Conditions applicable to the relevant Loan in the event that that Borrower repays all or part of the relevant Loan before a specified date (other than, for the avoidance of doubt, any redemption fees).

"Early Termination Date" has the meaning given to that term in the Swap Agreement.

"Eligible Person" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

"Enforcement Notice" means a notice delivered by the Trustee to the Issuer in accordance with Condition 13 (*Events of Default*) which declares the Notes to be immediately due and payable.

"English Loan" means a Loan secured by an English Mortgage.

"English Mortgage" means a first-ranking legal mortgage over a freehold or a leasehold property in England and Wales.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

"ESMA" means the European Securities and Markets Authority.

"EU" means the European Union.

"EU Affected Investor" means "institutional investors" (as defined in the EU Securitisation Regulation) to whom certain due diligence requirements apply under the EU Securitisation Regulation in respect of their relevant activities if supervised in the EU.

"EU CRR" means Regulation of the European Parliament and of the Council (EU) No 575/2013, as amended by the EU CRR Amending Regulation.

"EU CRR Amending Regulation" means Regulation (EU) 2020/873 which contains targeted amendments to the Capital Requirements Regulation (575/2013).

"EU EMIR" means Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.

"EU Investor Report" means a quarterly investor report prepared by the Cash Manager in accordance with the Cash Management Agreement, as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation.

"EU Loan Level Report" means a report prepared by the Servicer in respect of each Interest Period in accordance with the Servicing Agreement, as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation.

"EU Reporting Requirements" means the reporting requirements as set out in the EU Securitisation Regulation including in accordance with Article 7 of the EU Securitisation Regulation.

"EU Securitisation Regulation" means Regulation (EU) 2017/2402.

"EU Securitisation Repository Website" means the website of the Securitisation Repository, being www.secrep.co.uk or such other website from time to time which complies with the requirements set out in Article 7(2) of the EU Securitisation Regulation.

"EU Solvency II" means Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance.

"EU STS Notification" means the notification pursuant to Article 27 of the EU Securitisation Regulation.

"EU STS Securitisation" means a securitisation that has met the all the requirements set out in Section 1, 2 or 2(a) of Chapter 4 of the EU Securitisation Regulation, ESMA has been notified pursuant to Article 27(1) of the EU Securitisation Regulation and the securitisation is included in the list referred to in Article 27(5) of the EU Securitisation Regulation.

"EUR" or **"€"** means the lawful currency of member states of the EU that adopt the single currency introduced in accordance with the Treaty.

"Euroclear" means Euroclear Bank SA/NV as operator of the Euroclear system which is an ICSD.

"EUWA" means the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time.

"Event of Default" means any one of the events specified in Condition 13 (*Events of Default*).

"Exchange Date" means the first day following the expiry of forty calendar days after the Closing Date.

"Extraordinary Resolution" means in respect of the holders of any Class of Notes and/or Definitive Certificates:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and the Conditions by at least 75 per cent. of Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant Class of Notes held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders of at least 100 per cent. in aggregate Principal Amount Outstanding of the Notes, which resolution may be contained in one

document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders of the relevant Class; or

- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the Noteholders holding of at least 100 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes.

"FATCA" means Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (or any amended or successor provisions), any regulations or official guidance promulgated thereunder, any inter-governmental agreement or implementing legislation adopted by another jurisdiction (or any regulations or official guidance promulgated with respect to such an intergovernmental agreement or implementing legislation) or any agreement with the U.S. Internal Revenue Service in connection with these provisions.

"FCA" means the UK Financial Conduct Authority as successor to the FSA.

"FCA Handbook" means the handbook containing the FCA Rules and guidance established by the FCA.

"FCA Rules" means the rules established by the FCA in the FCA's Handbook of rules and guidance from time to time.

"FCA STS Register" means the FCA's STS Register at <https://data.fca.org.uk/#/sts/stssecuritisations>.

"Final Discharge Date" means the date on which the Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Obligations and/or all other moneys and other liabilities due or owing by the Issuer have been paid or discharged in full.

"Final Maturity Date" means the Interest Payment Date falling in September 2073.

"Financial Year" means the 12-month period ending on 31 December of each year, **provided that** the first Financial Year ends on 31 December 2026.

"First Interest Payment Date" means the Interest Payment Date falling in December 2026.

"Fitch" means Fitch Ratings Limited and includes any successor to its rating business.

"Fixed Rate Swap Transaction" means the fixed rate swap transaction entered into on or about the Closing Date between the Issuer and the Swap Provider in relation to the Relevant Fixed Rate Loans, as amended, supplemented, novated or replaced from time to time, and includes any replacement or successor or swap transaction or transactions entered into by the Issuer from time to time in each case governed by the Swap Agreement.

"FSMA" means the Financial Services and Markets Act 2000.

"Further Advance" means, in relation to a Loan, any advance of further money after the Closing Date following a request from an existing Borrower following the making of the Loan which is secured by the same Property as the Loan where the Seller has a discretion as to whether to accept that request, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.

"Further Advance Conditions" has the meaning given to it in clause 4.2 (*Further Advances*) of the Mortgage Sale Agreement.

"Further Advance Purchase Price" means purchase price for the relevant Further Advance being an amount equal to the Current Balance of the Further Advance on the Advance Date.

"GBP" means the lawful currency of the UK.

"General Reserve Fund" means the reserve fund established on the Closing Date which will be initially funded by the proceeds of the Subordinated Loan pursuant to the Subordinated Loan Agreement up to the General Reserve Required Amount and which will subsequently be funded from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

"General Reserve Fund Excess" means, on any Interest Payment Date, the amount by which the funds standing to the credit of the General Reserve Fund (after deducting any amounts to be applied to eliminate any Revenue Deficiency) exceed the General Reserve Required Amount.

"General Reserve Fund Excess Conditions" means each of the following conditions:

- (a) no Event of Default has occurred and is continuing;
- (b) the Class A Principal Deficiency Sub-Ledger will not have a debit balance on the next Interest Payment Date after applying all Available Revenue Receipts (excluding any such amounts under paragraph (e), (g) and (h) of the definition thereof) on that Interest Payment Date;
- (c) as at the date of determination, the aggregate Current Balances of all mortgage loans in the Portfolio that are three or more months in arrears is less than 5 per cent. of aggregate Current Balances of all mortgage loans in the Portfolio; and
- (d) as at the date of determination, the aggregate Losses incurred since the Closing Date are less than 1 per cent. of the total Current Balance of the Portfolio on the Closing Date.

"General Reserve Ledger" means the ledger of the Transaction Account so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record amounts standing to the credit of the General Reserve Fund from time to time.

"General Reserve Required Amount" will be (i) on the Closing Date £5,250,000 (being an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date), (ii) on each Interest Payment Date, an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes prior to the application of Available Principal Receipts on such Interest Payment Date **provided that** if the General Reserve Fund Excess Conditions are not satisfied on the Calculation Date immediately preceding the relevant Interest Payment Date, the General Reserve Required Amount shall be such amount as determined on the immediately preceding Interest Payment Date and (iii) upon redemption of the Class A Notes in full, zero.

"Global Note" means a global note in registered form representing all or part of the Notes of a Class in or substantially in the form set out in part 1 of schedule 1 (*Form of Global Note*) of the Trust Deed.

"HMRC" means His Majesty's Revenue and Customs.

"holder" means the registered holder of a Note and the words **"holders"** and related expressions shall (where appropriate) be construed accordingly.

"Holding Company" means, in relation to a person, any other person in respect of which it is a subsidiary.

"Holdings" means Hadrian Funding 2026-1 Holdings Limited.

"ICSD" means Euroclear and Clearstream, Luxembourg, as applicable.

"Illegality Event" has the meaning given to it in Condition 9.5 (*Optional Redemption in whole upon the occurrence of an Illegality Event*).

"Incorporated Terms Memorandum" means the incorporated terms memorandum signed by, among others, the Issuer and the Seller for the purpose of identification on or about the Closing Date.

"Initial Advance" means, in relation to a Loan, the original principal amount together with the amount of any retention advanced to the relevant Borrower after completion of the Mortgage, and it may include any fees (if capitalised).

"Insolvency Act" means the Insolvency Act 1986.

"Insolvency Event" means, with respect to any Person, the occurrence of any of the following:

- (a) such Person shall commence any case, proceeding or other action, or present a petition or make an application under any applicable Insolvency Law:
 - (i) relating to bankruptcy, insolvency, court protection, examinership, reorganisation or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganisation (other than a solvent reorganisation in the ordinary course of business), arrangement, adjustment, winding-up, examinership, liquidation, dissolution, court protection, composition, declaration or other similar relief with respect to it or its debts; or
 - (ii) seeking the appointment of a liquidator, receiver, administrative receiver, examiner, trustee in bankruptcy, custodian, administrator or other similar official for it or for all or any substantial part of its assets;
- (b) there shall be commenced, presented or made against such Person any case, proceeding or other action referred to in (a) above which is not dismissed by the relevant court, tribunal or authority within 21 calendar days of its commencement;
- (c) there shall be commenced against such Person any case, proceeding or other action seeking issuance of a warrant of attachment, execution, diligence, distraint or similar process against all or any substantial part of its assets which is not dismissed within 21 calendar days of its commencement; or
- (d) such Person ceasing or threatening to cease to carry on its business or stopping payment or threatening to stop payment of its debts or being, being deemed to be or becoming, unable to pay its debts within the meaning of section 123(1)(a) or (b) of the Insolvency Act 1986 as that section may be amended, (or as the case may be, any analogous provision in any applicable jurisdiction) or otherwise unable to pay its debts as they fall due or the value of its assets falling to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or such Person otherwise becoming insolvent or a moratorium is declared in relation to any indebtedness of such Person.

"Insolvency Official" means, in relation to a company, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of outstanding Notes) provisional liquidator, Servicer, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

"Insurance Policies" means the block contingent property damage insurance policy or replacement insurance contract or policy arranged by or on behalf of the Seller from time to time and in which the Seller has an interest relating to the Loans.

"Interest Amount" means in respect of a Note for any Interest Period the amount of interest calculated on the related Interest Determination Date in respect of such Note for such Interest Period by:

- (a) multiplying the Principal Amount Outstanding of such Note on the Interest Payment Date coinciding with such Interest Determination Date by the relevant Note Rate; and
- (b) then multiplying the amount so calculated in paragraph (a) above by the relevant Day Count Fraction and rounding the resultant figure to the nearest Minimum Amount.

"Interest Determination Ratio" means (i) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports divided by (ii) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Servicer Reports.

"Interest Only Loan(s)" means a Loan where the relevant Mortgage Conditions require that the Borrower makes monthly payments of interest but not of principal (ignoring, for these purposes, any temporary waiver or deferral of the payment of principal that may be granted to a Borrower with a repayment loan

from time to time) and when the Loan matures, the entire principal amount of the Loan is still outstanding and the Borrower must repay that amount in one lump sum.

"Interest Payment Date" means the 18th day of March, June, September and December in each year commencing on the First Interest Payment Date, **provided that** if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day.

"Interest Period" means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date.

"ISDA" means International Swaps and Derivatives Association, Inc.

"ISDA Master Agreement" means the ISDA 2002 Master Agreement published by the International Swaps and Derivatives Association, Inc.

"Issue Date" means 17 September 2026 or such other date as the Issuer, the Arrangers and the Seller may agree.

"Issuer" means Hadrian Funding 2026-1 PLC, a public limited liability company incorporated in England and Wales (registered number 17123867), with its registered office at 10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU.

"Issuer Account Bank" means Citibank, N.A., London Branch acting in such capacity (or any successor or replacement duly appointed).

"Issuer Account Bank Required Minimum Rating" means:

- (a) a long-term issuer default (or deposit rating, if assigned) of at least BBB or a short-term issuer default rating (or deposit rating, if assigned) of at least F2 by Fitch for an OCB or a long-term issuer default rating (or deposit rating, if assigned) of at least A or a short-term issuer default rating (or deposit rating, if assigned) of at least F1 by Fitch; and
- (b) a long-term bank deposits rating of at least A3 by Moody's; or if the Issuer Account Bank does not have a long-term bank deposits rating by Moody's, a short-term issuer default rating of at least P1 by Moody's,

or such other ratings as are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.

"Issuer Accounts" means the Transaction Account, any Swap Collateral Account, any Replacement Bank Account and any Additional Account(s) established or to be established pursuant to the Account Bank Agreement or Custody Agreement.

"Issuer Covenants" means the covenants of the Issuer as set out in schedule 4 (*Issuer Covenants*) of the Incorporated Terms Memorandum.

"Issuer Insolvency Event" means:

- (a) the Issuer is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts; or
- (b) a moratorium is declared in respect of any indebtedness of the Issuer; or
- (c) the commencement of negotiations with one or more creditors of the Issuer with a view to rescheduling any indebtedness of the Issuer other than in connection with any refinancing in the ordinary course of business; or

- (d) any corporate action, legal proceedings or other procedure or step is taken in relation to:
- (i) the appointment of an Insolvency Official in relation to the Issuer or in relation to the whole or any part of its undertaking or assets except the application to the court under paragraph 12 or the filing of notice of intention to appoint a Servicer under paragraph 26 of Schedule B1 to the Insolvency Act by the Issuer or its directors, or the appointment of an administrative receiver by the Trustee following any such application or notice; or
 - (ii) an encumbrancer (excluding the Trustee or any Receiver) taking possession of the whole or (in the opinion of the Trustee) any substantial part of the undertaking or assets of the Issuer; or
 - (iii) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of the Issuer, a reorganisation of the Issuer, a conveyance to or assignment for the creditors of the Issuer generally or the making of an application to a court of competent jurisdiction for protection from the creditors of the Issuer generally other than in connection with any refinancing in the ordinary course of business; or
 - (iv) any distress, execution, attachment, diligence or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of the Issuer (excluding by the Trustee or any Receiver); or
- (e) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (d) above, in any jurisdiction.

"Issuer Profit Amount" means £1,000 on each Interest Payment Date to be credited to the Transaction Account and to be retained by the Issuer as profit in respect of the business of the Issuer.

"Issuer Profit Ledger" means the ledger of the Transaction Account so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record Issuer Profit Amounts.

"Issuer Security Power of Attorney" means the power of attorney granted by the Issuer in favour of the Trustee under the Deed of Charge on the Closing Date.

"Issuer Variable Rate" means any variable rate applicable to a Variable Rate Loan in the Portfolio.

"Joint Lead Managers" means BNP Paribas, Citigroup Global Markets Limited, Lloyds Bank Corporate Markets plc and Merrill Lynch International.

"Land Registry" means the Land Registry of England and Wales.

"LCR Regulation" means the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended).

"Lending Criteria" means the lending criteria of the Seller which, as at the Closing Date, are set out in the Mortgage Sale Agreement and/or such other criteria as would be acceptable to a Prudent Mortgage Lender.

"Liabilities" means, in respect of any person, any losses, fees, damages, costs, charges, awards, claims, demands, expenses, judgments, decrees, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and any Taxes (excluding any amount: (a) of VAT or in respect of VAT which is recoverable by such person by way of input credit, repayment or refund; and (b) assessed on the income, gains or profits of such person) and penalties incurred by that person.

"Loan Files" means, in relation to a Loan, the file or files (including files kept in microfiche format or similar electronic data retrieval system) containing, among other things, correspondence between the Borrower and the Seller and including the mortgage documentation applicable to that Loan, each letter of offer for that Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed (or qualified) conveyancer's Certificate of Title.

"Loan Repurchase Notice" means the loan repurchase notice delivered by the Issuer to the Seller substantially in the form set out in schedule 7 (*Form of Loan Repurchase Notice*) to the Mortgage Sale Agreement.

"Loan Warranties" means the representations and warranties given in relation to the Loans by the Seller to the Issuer as set out in schedule 1 (*Loan Warranties*) to the Mortgage Sale Agreement.

"Loans" means the residential mortgage loans in the Portfolio sold or to be sold (as applicable) to the Issuer by the Seller on or about the Closing Date pursuant to the Mortgage Sale Agreement including, where the context so requires, any further advance made by the Seller to a Borrower prior to the Closing Date and sold to the Issuer pursuant to the Mortgage Sale Agreement, each Further Advance sold or to be sold (as applicable) to the Issuer by the Seller after the Closing Date and any loan which is the subject of a Product Switch but excluding (for the avoidance of doubt) each loan and its Related Security redeemed or repurchased by the Seller pursuant to the Mortgage Sale Agreement or otherwise sold by the Issuer in accordance with the terms of the Transaction Documents and no longer beneficially owned by it.

"London Banking Day" means any day (other than a Saturday or Sunday or a public holiday) on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

"Losses" means any losses arising in relation to a Loan in the Portfolio which causes a shortfall in the amount available to pay principal on the Notes.

"LPA" means the Law of Property Act 1925 (LPA 1925).

"LTV", "LTV Ratio" or "loan-to-value ratio" means the ratio (expressed as a percentage) of the Current Balance of a Loan to: (i) where no Further Advance has been made, the lesser of the valuation (as provided in the relevant Valuation Report) or purchase price of the Property; or (ii) where a Further Advance has been made, the valuation prepared for such Further Advance.

"Main Market" means the main market of the Stock Exchange.

"Master Definitions Schedule" means the master definitions schedule set out in schedule 1 (*Master Definitions Schedule*) to the Incorporated Terms Memorandum.

"MCOB" means the FCA's Mortgages and Home Finance: Conduct of Business Sourcebook.

"Meeting" means a meeting of Noteholders of any class or classes (whether originally convened or resumed following an adjournment), which may be held either in person.

"Member State" means a member state of the European Union.

"MH/CP Documentation" means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 (as amended) or, as applicable, the Civil Partnership Act 2004 in connection with a Scottish Mortgage relating to a Scottish Loan or its relevant Scottish Mortgaged Property.

"MIG Collections" means any recoveries received by the Seller pursuant to the terms of the MIG Policy.

"MIG Loans" means the Loans that have the benefit of the MIG Policy.

"MIG Policy" means a mortgage indemnity policy issued by the MIG Provider for the Seller, including Policy Number MIG 491, Reference Number I08360CAA and/or other policies from time to time.

"MIG Provider" means Canopus Mortgage Indemnity or other provider of a mortgage indemnity policy to the Seller in relation to the Loans from time to time.

"Minimum Amount" means one penny.

"Minimum Denomination" means in respect of the Notes represented by the Global Notes and (if issued) the Definitive Certificates will be £100,000 and, for so long as Euroclear or Clearstream, Luxembourg so permit, integral multiples of £1,000 in excess thereof.

"Mistaken Payments" means, in relation to the Collection Account and the Sub-Collection Account and the Issuer, any amounts that have been received and credited to the Collection Account or the Sub-Collection Account in respect of any Loans and Related Security where the Servicer or a third party (prior to any sum being paid to the Issuer) determines or receives notice, that any amount (or part thereof), which was paid in or credited to the Collection Account or the Sub-Collection Account, as applicable, has not been received as cleared funds or has otherwise been recalled.

"Moody's" means Moody's Investors Service Limited and includes any successor to its rating business.

"Mortgage" means an English Mortgage and/or a Scottish Mortgage (as applicable).

"Mortgage Account" means all Loans secured on the same Property and thereby forming a single mortgage account with the Seller.

"Mortgage Conditions" means the terms and conditions applicable to a Loan and/or Mortgage as contained in the Seller's "Mortgage Conditions" booklet applicable from time to time.

"Mortgage Loan Agreement" means in relation to any Loan, the agreement, facility letter or accepted offer of advance pursuant to which the monies secured by the relevant Mortgage were advanced to the Borrower (as varied from time to time in accordance with the applicable Mortgage Conditions and including any modifying agreement within the meaning of section 82 of the Consumer Credit Act 1974 insofar as it relates to that Loan).

"Mortgage Sale Agreement" means the agreement so named dated on or about the Closing Date between the Seller, the Issuer, the Trustee and the Servicer in relation to the sale of the Portfolio to the Issuer.

"Mortgaged Property" or **"Property"** means a freehold or leasehold property, heritable, long-leasehold or other analogous property from time to time which is subject to a Mortgage and together, the **"Mortgaged Properties"** or **"Properties"**.

"Mortgages Tailored Support Guidance" means the Mortgages Tailored Support Guidance published by the FCA on 25 March 2021.

"Most Senior Class" means the Class A Notes whilst they remain outstanding and thereafter the Class B Notes.

"New Beneficiary Trust Share Percentage" means a figure, expressed as a percentage, calculated as (A/B), where "A" is an amount equal to the aggregate of all amounts standing to the credit of the Collection Account and the Sub-Collection Account at such time in respect of the Loans which are not Mistaken Payments or amounts in respect of Loans which have been repurchased by the Seller pursuant to the Mortgage Sale Agreement and "B" is the aggregate amount of the Trust Property (as defined in the Collection Accounts Declaration of Trust) at such time.

"New Safekeeping Structure" means the Notes will be deposited with one of Euroclear and/or Clearstream, Luxembourg as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper.

"Note Principal Payment" means the principal amount redeemable in respect of each Note of a particular class, which shall be a proportion of the amount required as at that Interest Payment Date to be applied in redemption of such class of Notes on such date equal to the proportion that the Principal Amount Outstanding of the relevant Note bears to the aggregate Principal Amount Outstanding of such class of Notes rounded down to the nearest Minimum Amount; **provided always that** no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

"Noteholder" means the Class A Noteholders and the Class B Noteholders or, where the context otherwise requires, the holders of Notes of a particular class or classes, as the case may be.

"Notes" means the Class A Notes and the Class B Notes and **"Note"** means any of them whether represented by Definitive Certificates or the Global Notes.

"Notices Condition" means Condition 23 (*Notices*).

"Notices Details" means, in relation to any Agent, the provisions set out in schedule 7 (*Notice Details*) of the Incorporated Terms Memorandum.

"Note Rate" means, for each Interest Period, Compounded Daily SONIA determined as at the related Interest Determination Date plus the Relevant Margin **provided that** the Note Rate shall at all times be greater than or equal to zero.

"OCB" means an operational continuity bank that meets the following criteria:

- (a) Fitch assigns the bank a long-term issuer default rating of "B-" or higher;
- (b) the bank has been identified as a global-systemically important bank (G-SIB) by the Financial Stability Board or a domestic-systemically important bank (D-SIB) or other-systemically important institution (O-SII) by the relevant national authority; and
- (c) the bank is domiciled in a jurisdiction that Fitch views as having a developed resolution regime (Australia; Canada; the European Union; Hong Kong; Iceland; Japan; New Zealand; Norway; Switzerland; the U.K.; or the U.S.).

"Offer Conditions" means the terms and conditions applicable to a specified Loan as set out in the relevant offer letter to the Borrower.

"Official List" means the official list maintained by the FCA under Section 74 of FSMA.

"Ordinary Resolution" means in respect of the holders of any Class of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and the Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant Class of Notes held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders holding a clear majority of the aggregate Principal Amount Outstanding of the relevant Class of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the Noteholders holding a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes.

"Outstanding" means, in relation to the Notes, all the Notes other than:

- (a) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to, or to the order of, the Trustee or the Principal Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;
- (c) those which have been purchased and surrendered for cancellation as provided in Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*) and notice of the cancellation of which has been given to the Trustee;
- (d) those which have become void under the Conditions;
- (e) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Conditions; and

- (f) any Global Note, to the extent that it shall have been exchanged for the related Definitive Certificates pursuant to the provisions contained therein and the Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Noteholders;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of clause 16 (*Waiver and Authorisation and Determination*), clause 17 (*Modifications*), clause 12 (*Proceedings, Actions and Indemnification*) and clause 23 (*New Trustee*) of the Trust Deed and Condition 13 (*Events of Default*), Condition 14 (*Enforcement*) and Condition 16 (*Meetings of Noteholders*) and the Provisions for Meetings of Noteholders; and
- (iii) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Seller, any holding company of the Seller or any other subsidiary of such holding company (the "**Relevant Persons**") where all of the Notes of any class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class of Notes (the "**Relevant Class of Notes**") shall be deemed to remain outstanding except that, if there is any other class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such class, then the Relevant Class of Notes shall be deemed not to remain outstanding.

"Part and Part Loans" means a Loan under which part of the principal is repayable by way of regular instalments of principal and interest during the term of the Loan and part of the principal is repayable on an interest-only basis, with the outstanding principal balance of such interest-only part being repayable on the stated maturity date (ignoring, for these purposes, any temporary waiver or deferral of payments of interest and/or principal that may be granted to a Borrower from time to time).

"Participants" means persons that have accounts with Euroclear or Clearstream, Luxembourg.

"Paying Agents" means the Principal Paying Agent and any other paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement.

"Perfection Trigger Event" means each of the following events:

- (a) a Seller Insolvency Event;
- (b) a Severe Credit Quality Deterioration Event;
- (c) the Seller defaults in the performance or observance of any of its other obligations under the Transaction Documents, including failure to repurchase any Loan under the Mortgage Sale Agreement, and such default continues unremedied for longer than the remedy period permitted by the relevant Transaction Documents;
- (d) an Enforcement Notice has been served following the occurrence of an Event of Default;
- (e) the Seller is required to perfect the Issuer's legal title to the Loans or their Related Security by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Seller or by any organisation of which the Seller is a member, or it becomes necessary by law or regulation to perfect the Issuer's legal title;

- (f) the security created under or pursuant to the Deed of Charge or any material part of that security is, in the opinion of the Trustee, in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy;
- (g) the termination of the appointment of the Servicer arising from the occurrence of a Servicer Termination Event; or
- (h) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Mortgage in the Portfolio.

"Permitted Transfer" means:

- (a) an amalgamation of the Seller and one or more other building societies under section 93 of the Building Societies Act; or
- (b) a transfer by the Seller of all or substantially all of its engagements (being 90 per cent. or more of the Issuer's engagements including its obligations under the Trust Deed and the Agency Agreement) or (on terms which have previously been approved by an Extraordinary Resolution of the Most Senior Class of Noteholders) any smaller part of its engagements, in both cases under section 94 of the Building Societies Act; or
- (c) a transfer by the Seller of its business to a company under sections 97 to 102D of the Building Societies Act (including any transfer of business to a subsidiary of another mutual society pursuant to section 97 of the Building Societies Act (as modified by the Mutual Societies (Transfers) Order 2009 made under section 3 of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007) (the **"Funding and Mutual Societies Transfers Act"**) or any other order made in the future by HM Treasury under section 3 of the Funding and Mutual Societies Transfers Act); or
- (d) an alteration in the status of the Seller 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 that of an institution authorised under the FSMA or to a body which is regulated on a similar basis to an institution authorised under the FSMA; or
- (e) any other reconstruction or amalgamation or transfer, in each case the terms of which have previously been approved by an Extraordinary Resolution of the Most Senior Class of Noteholders.

"Permitted Variation" means any of the following variations of the financial terms and conditions of the Loan:

- (a) an addition or a release of a party to the Loan;
- (b) any variation agreed with a Borrower to control or manage arrears on the Loan;
- (c) any variation in the rate of interest payable (i) as a result of any variation in SVR or other applicable floating rates or (ii) where the terms of the Loan change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Loan otherwise change the interest rate payable;
- (d) any variation imposed by statute; and
- (e) any variation of a Loan from a Repayment Loan to an Interest Only Loan or *vice versa*.

"Person" means an individual, corporation (including a business trust), limited liability company, partnership, exempted limited partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"POATRs" means the Public Offers And Admissions To Trading Regulations 2024.

"Portfolio" means the portfolio of Loans and their Related Security sold by the Seller to the Issuer on the Closing Date, the particulars of which are set out in exhibit 3 (*The Portfolio*) to the Mortgage Sale Agreement.

"Post-Enforcement Priority of Payments" means the provisions relating to the order of priority of payments from the Charged Accounts, set out in the Deed of Charge.

"Potential Event of Default" means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default.

"PRA" means the Prudential Regulation Authority of the UK.

"PRA Securitisation Rules" or **"PRASR"** means the Securitisation Part of the PRA Rulebook.

"PRA Rulebook" means the rulebook of published policy of the PRA.

"Pre-Enforcement Principal Priority of Payments" means the provision relating to the order of priority of payments from the Principal Ledger set out in part 4 of schedule 1 of the Cash Management Agreement.

"Pre-Enforcement Revenue Priority of Payments" means the provisions relating to the order of priority of payments from the Revenue Ledger set out in part 4 of schedule 1 of the Cash Management Agreement.

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the principal amount outstanding of that Note as at the Closing Date, less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and been paid) on or prior to that day;
- (b) in relation to a class, the aggregate of the amount in (a) in respect of all Notes outstanding in such class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class.

"Principal Deficiency Ledger" means the principal deficiency ledger comprising the Class A Principal Deficiency Sub-Ledger and the Class B Principal Deficiency Sub-Ledger maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising from Losses allocated to the Notes and Principal Receipts used to pay a Remaining Revenue Deficiency.

"Principal Ledger" means the ledger maintained by the Cash Manager on behalf of the Issuer which records all Principal Receipts received by the Issuer and the distribution of the Principal Receipts in accordance with the provisions of the Cash Management Agreement and in particular with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

"Principal Paying Agent" means Citibank, N.A., London Branch in its capacity as principal paying agent in accordance with the terms of the Agency Agreement (or any successor duly appointed).

"Principal Receipts" means (a) principal repayments under the Loans (b) payments in respect of Capitalised Interest, Capitalised Expenses and Capitalised Arrears, (c) recoveries of principal from defaulting Borrowers under Loans being enforced (including the proceeds of sale of the relevant Property), (d) any payment pursuant to any insurance policy in respect of a Mortgaged Property in connection with a Loan in the Portfolio (including the amounts of any MIG Collections transferred by the Seller to the Transaction Account), (e) without double-counting the amounts referred to in paragraph (b) above, any disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been capitalised in accordance with the Seller's normal charging practices and repaid via a Borrower's monthly instalment, **provided that** payments received in respect of any fees which have been allocated by the Seller (in accordance with its collection policies) as interest payments, shall not constitute Principal Receipts, and (f) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (including, for the avoidance of doubt, amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date).

"Priorities of Payments" means the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments and the Post-Enforcement Priority of Payments.

"Product Switch" means any variation of the financial terms and conditions of a Loan other than a Permitted Variation.

"Provisional Cut-Off Date" means 31 July 2026.

"Provisions for Meetings of Noteholders" means the provisions contained in schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"PRM" means the FCA Handbook Prospectus Rules: Admission To Trading On A Regulated Market Sourcebook.

"Prudent Mortgage Lender" means the Seller and/or the Servicer, as applicable, acting in accordance with the standards of a reasonably prudent prime residential mortgage lender lending to borrowers in England or Wales or Scotland.

"Rating Agencies" means Fitch and Moody's and **"Rating Agency"** means any of them.

"Receiver" means any receiver, manager, Servicer, receiver or manager, or administrative receiver appointed in respect of the Issuer by the Issuer at the request of the Trustee or by the Trustee in accordance with the provisions of the Deed of Charge.

"Reconciliation Amount" means in respect of any Collection Period, (i) the actual Principal Receipts as determined in accordance with the available Servicer Reports, *less* (ii) the Calculated Principal Receipts in respect of such Collection Period, *plus* (iii) any Reconciliation Amount not applied in previous Collection Periods.

"Reference Rate Modification" has the meaning given to it in Condition 17.2.9.

"Register" means the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Registrar at the Specified Office of the Registrar.

"Registers of Scotland" means the Land Register of Scotland and/or the General Register of Sasines.

"Registrar" means the party responsible for the registration of the Notes, which at the Closing Date is Citibank, N.A., London Branch acting in such capacity pursuant to the Agency Agreement (or any successor duly appointed).

"Regulated Mortgage Contract" means a credit agreement which constitutes a "regulated mortgage contract" as defined in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, as amended.

"Related Security" means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement including (without limitation):

- (a) the benefit of all affidavits, declarations, consents, renunciations, guarantees, indemnities, waivers and postponements (including, without limitation, deeds of consent relating to the relevant Property) and MH/CP Documentation from occupiers and other persons having an interest in or rights in connection with the relevant Property;
- (b) each right of action of the Seller against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each Certificate of Title and Valuation Report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Seller to make or offer to make all or part of the Loan; and
- (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including, the relevant Insurance Policies) deposited, charged, obtained, or held in connection with the Loan, Mortgage and/or Property and relevant Loan files **provided that** the MIG Policy will not be considered Related Security for the purposes of this paragraph (c).

"Relevant Fixed Rate Loans" means, for the purposes of calculating the notional amount under the Fixed Rate Swap Transaction, the Fixed Rate Loans in the Portfolio that do not have three or more monthly

payments due and unpaid by a Borrower (as calculated, for each calculation period, at the end of the calendar month immediately preceding such calculation period).

"Remaining Revenue Deficiency" means, the extent, if any, to which, following the application of amounts withdrawn from the General Reserve Fund, the Cash Manager determines that the application of Available Revenue Receipts (excluding any amounts referred to in items (g) and (h) of the definition of "Available Revenue Receipts") would be insufficient to pay or provide for the Revenue Deficiency in respect of only items (a) to (e) inclusive of the Pre-Enforcement Revenue Priority of Payments.

"Repayment Loan" means a Loan where the Borrower makes monthly payments of both interest and principal (ignoring, for these purposes, any temporary waiver or deferral of the payment of interest and/or principal that may be granted to a Borrower from time to time) so that, when the Loan matures, the full amount of the principal of the Loan will have been repaid.

"Replacement Account Bank" means any bank at which the Issuer holds a Replacement Bank Account which has at least the Issuer Account Bank Required Minimum Rating (or any successor duly appointed).

"Replacement Account Bank Agreement" means an agreement entered into pursuant to the Account Bank Agreement between the Issuer, the Trustee and a Replacement Account Bank in relation to the Replacement Bank Account.

"Replacement Bank Account" means an account of the Issuer with a Replacement Account Bank designated as such in accordance with the terms of the Account Bank Agreement.

"Replacement Swap Premium" means an amount received by the Issuer from a replacement Swap Provider, or an amount paid by the Issuer to a replacement Swap Provider, upon entry by the Issuer into a replacement Swap Agreement.

"Reporting Medium" means the website of EuroABS located at <https://www.euroabs.com/IH.aspx?d=31793>.

"Residential Lending Policy" means the residential lending policy of the Seller from time to time.

"Return Amount" has the meaning given to it in the Swap Credit Support Annex.

"Revenue Deficiency" means any deficit of Available Revenue Receipts to pay items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments, as determined by the Cash Manager on the relevant Calculation Date.

"Revenue Ledger" means the ledger maintained by the Cash Manager on behalf of the Issuer which records all Revenue Receipts received by the Issuer and distribution of the same in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

"Revenue Receipts" means (a) payments of interest (including any early repayment fees) and other amounts received by the Issuer in respect of the Loans other than Principal Receipts, (b) recoveries of interest from defaulting Borrowers under Loans being enforced, (c) recoveries of interest and/or principal from defaulting Borrowers under Loans in respect of which enforcement procedures have been completed and (d) certain fees (which do not fall within paragraph (e) of the definition of **"Principal Receipts"**) which have been allocated by the Seller (in accordance with its collection policies) as interest payments and charged by the Servicer in respect of servicing the Loans, which have been charged and repaid by a means other than the Borrower's monthly instalment.

"Risk Retention Letter" means the risk retention letter entered into between the Retention Holder, the Issuer, the Arrangers, the Swap Provider and the Trustee on or around the Closing Date.

"Risk Weighted Assets" means, as at any date, the aggregate amount of the risk weighted assets of the Seller as at such date, as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing Capital Requirements Regulation.

"Scottish Declaration of Trust" means each declaration of trust by the Seller in favour of the Issuer granted pursuant to the Mortgage Sale Agreement in respect of the relevant Scottish Trust Property.

"Scottish Loan" means a Loan secured by a Scottish Mortgage.

"Scottish Mortgage" means a first-ranking standard security over a residential property in Scotland.

"Scottish Mortgaged Property" means a Mortgaged Property situated in Scotland.

"Scottish Sub-Security" means each standard security executed pursuant to clause 5.4 (*Scottish Sub-Security*) of the Deed of Charge substantially in the applicable form set out in schedule 3 (*Form of Scottish Sub-Security*) thereto.

"Scottish Supplemental Charge" means each assignation in security granted by the Issuer in favour of the Trustee pursuant to the Deed of Charge in respect of the Issuer's right, title and interest in such Scottish Loans and their Related Security as are sold to the Issuer on the Closing Date (comprising the Issuer's beneficial interest under the corresponding Scottish Declaration of Trust).

"Scottish Transfer" means each assignation of Scottish Loans and Scottish Mortgages granted by the Seller in favour of the Issuer pursuant to the Mortgage Sale Agreement and substantially in the applicable form set out in schedule 3 thereto.

"Scottish Trust Property" has the meaning specified in each Scottish Declaration of Trust.

"SECN" or "FCA Securitisation Rules" means the securitisation sourcebook of the FCA Handbook.

"Secured Creditors" means the Trustee in its own capacity, any Receiver or any Appointee appointed by the Trustee, each in its own capacity, the Agent Bank, the Custodian, the Registrar, the Paying Agents, the Corporate Services Provider, the Servicer, the replacement Servicer (if appointed), the Back-Up Servicer Facilitator, (and any replacement of the Servicer or the Back-Up Servicer Facilitator), the Cash Manager, the replacement Cash Manager, the Issuer Account Bank (including any Replacement Account Bank), the Swap Provider, the Subordinated Loan Provider, the Noteholders, the Retention Holder, the Seller (in respect of any Deferred Consideration) and any party named as such in a Transaction Document.

"Secured Obligations" means all monies, obligations and Liabilities whatsoever which now are or at any time hereafter may (whether before or after demand) become due, owing or incurred by the Issuer to any of the Secured Creditors, whether actually or contingently, solely or jointly with one or more persons and whether as principal, as surety or guarantor under or pursuant to the Deed of Charge or any other of the Transaction Documents or the Notes.

"Securitisation Repository" means SecRep Limited, being a "securitisation repository" under Regulation 3 of the SR 2024 that is registered pursuant to Regulation 14 of the SR 2024.

"Security" means the security granted by the Issuer to the Trustee under and pursuant to the Deed of Charge (including each Scottish Supplemental Charge and, if applicable, Scottish Sub-Security).

"Seller" means NBS acting in its capacity as seller of the Loans and their Related Security to the Issuer pursuant to the Mortgage Sale Agreement.

"Seller Insolvency Event" means each of the following:

- (a) the Seller becomes insolvent or is deemed unable to pay its debts as and when they fall due within the meaning of Section 123(1)(a) of the Insolvency Act (on the basis that the reference in such section to £ 750 was read as a reference to £10 million), Sections 123(1)(b), (d) and (e), and Section 123(1)(c) of the Insolvency Act (on the basis that the words "for a sum exceeding £10 million" were inserted after the words "extract registered bond" and "extract registered protest") or applies for or consents to or suffers the appointment of a liquidator or receiver or administrator or building society liquidator or building society special administrator or similar officer over the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors generally or a distress, execution or diligence or other process is enforced upon the whole or any substantial part of its undertaking or assets and is not discharged within 60 calendar days); or

- (b) an order is made or an effective resolution is passed for the winding-up of the Seller, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction (a) with or by any of its subsidiaries or (b) the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; or
- (c) if the Seller (otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (b) above), ceases or, through an authorised action of its board of directors, threatens to cease to carry on all or substantially all of its business or its mortgage administration business,

except in the case of the events described in paragraphs (b) to (c) above occurring for the purposes of or pursuant to a Permitted Transfer.

"Seller Security Power of Attorney" means the power of attorney granted by the Seller in favour of the Issuer and the Trustee on the Closing Date in substantially the same form as that set out in the Mortgage Sale Agreement.

"Seller Standard Variable Rate" or "SVR" means any variable mortgage rate set by NBS by reference to the general level of interest rates and competitor rates in the UK mortgage market and, as at the Closing Date, is 6.31 per cent. per annum.

"Sequential Order" means, in respect of payments of principal to be made prior to the delivery of an Enforcement Notice to the Class A Notes and Class B Notes, firstly to the Class A Notes and secondly to the Class B Notes.

"Servicer" means NBS or such other person as may from time to time be appointed as Servicer of the relevant Loans in the Portfolio pursuant to the Servicing Agreement.

"Servicer Report" means a servicer report to be provided by the Servicer no later than the tenth Business Day of each month (the **"Servicer Reporting Date"**) in accordance with the terms of the Servicing Agreement.

"Servicer Insolvency Event" means, for so long as the Seller is the Servicer, a Seller Insolvency Event except that any reference in that definition to the Seller shall be deemed to be replaced with a reference to the Servicer.

"Servicer Termination Event" means the occurrence of any of the following events:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document and such default continues unremedied for a period of thirty Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied; or
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or any other Transaction Document, which in the opinion of the Trustee is materially prejudicial to the interests of the most senior class of Noteholders (which determination shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of:
 - (i) the Servicer becoming aware of such default; or
 - (ii) receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied,

provided however that where the relevant default and receipt of notice of such default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 30 Business Days, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Issuer or (following service of an Enforcement Notice) the Trustee may in its absolute discretion specify to remedy such default or to indemnify the Issuer and/or the Trustee against the consequences of such default;

- (c) a Servicer Insolvency Event occurs in relation to the relevant Servicer (in this context, "**Servicer Insolvency Event**" has, for so long as the Seller is the Servicer, the same meaning as Seller Insolvency Event (as defined in "*The Portfolio - Sale of the Portfolio under the Mortgage Sale Agreement*" above but any reference in that definition to the Seller shall be deemed to be replaced with a reference to the Servicer).

"**Servicing Agreement**" means the agreement so named dated on or about the Closing Date between the Issuer, the Back-Up Servicer Facilitator, the Servicer, the Seller and the Trustee, and/or any successor or replacement servicing agreement entered into by the Issuer from time to time.

"**Servicing Fee**" has the meaning given to that term in clause 11 (*Remuneration, Costs and Expenses*) of the Servicing Agreement.

"**Severe Credit Quality Deterioration Event**" means the Seller determines, as at any date, that its CET1 Ratio has fallen below 7 per cent..

"**Share Trustee**" means CSC Corporate Services (UK) Limited.

"**Society**" means NBS.

"**SONIA**" means the Sterling Overnight Index Average.

"**Specified Office**" means, in relation to any Agent:

- (a) the office specified against its name in the Notices Details; or
- (b) such other office as such Agent may specify in accordance with the Agency Agreement.

"**SPV Criteria**" means the criteria established from time to time by the Rating Agencies for a single purpose company in England and Wales (and the UK, for tax purposes) or such other jurisdiction in which the Issuer or any Issuer substitute (as contemplated by Condition 22 (*Substitution*)) is incorporated.

"**SR 2024**" means the UK's Securitisation Regulations 2024 (SI 2024/102).

"**SR Website**" means the website of the Securitisation Repository, being www.secprep.co.uk or such other website from time to time which complies with the requirements set out in Chapter 2, Article 7(2) of the PRA Securitisation Rules.

"**Standard Documentation**" means the standard documentation, a list of which is set out in exhibit 1 (*Standard Documentation*) to the Mortgage Sale Agreement or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Prudent Mortgage Lender.

"**Standard Security**" or "**standard security**" means a standard security in the form prescribed by the Conveyancing and Feudal Reform (Scotland) Act 1970.

"**Step-Up Date**" means the Interest Payment Date falling in September 2031.

"**Sterling**", "**£**" and "**GBP**" denote the lawful currency for the time being of the UK.

"**Stock Exchange**" means the London Stock Exchange plc.

"**STS Assessments**" means the simple, transparent and standardised assessments to be carried out by the Authorised Verification Agent.

"**STS Criteria**" means the criteria as set out in SECN 2.

"**STS Securitisation**" has the meaning given to it in Regulation 9 of the SR 2024.

"**Sub-Collection Account**" means an agency account in the name of the Seller held with the Collection Account Bank.

"Subordinated Loan" means the loan made by NBS as the Subordinated Loan Provider to the Issuer pursuant to the Subordinated Loan Agreement.

"Subordinated Loan Agreement" means the subordinated loan agreement dated on or about the Closing Date and made between the Issuer as borrower, the Trustee and the Subordinated Loan Provider.

"Subordinated Loan Provider" means NBS.

"Substituted Obligor" means a single purpose company incorporated in any jurisdiction that meets the SPV Criteria.

"Swap Agreement" means the swap agreement between the Issuer and the Swap Provider thereunder dated on or about the Closing Date, consisting of a 2002 ISDA Master Agreement together with a Schedule thereto, a credit support annex and a confirmation documenting the Fixed Rate Swap Transaction, in each case, as such may be amended from time to time, and/or any successive or replacement swap agreement entered into by the Issuer from time to time.

"Swap Collateral" means any collateral in the form of cash and/or securities transferred by the Swap Provider to the Issuer on any date pursuant to the terms of the Swap Credit Support Annex (and any interest, income and/or distributions earned thereon).

"Swap Collateral Account" means each of the following (together the **"Swap Collateral Accounts"**) (i) any account in respect of cash described as such established in the name of the Issuer with the Issuer Account Bank pursuant to the Account Bank Agreement and; (ii) any account in respect of securities described as such and established in the name of the Issuer with the Custodian pursuant to the Custody Agreement.

"Swap Collateral Account Priority of Payments" has the meaning given thereto in clause 6.2(c) of the Cash Management Agreement.

"Swap Collateral Account Surplus" means, in respect of any Swap Collateral Account, any surplus amounts remaining after funds standing to the credit of such Swap Collateral Account have been applied in accordance with the relevant Swap Collateral Account Priority of Payments.

"Swap Credit Support Annex" means the credit support annex to the Swap Agreement.

"Swap Provider" means Lloyds Bank Corporate Markets PLC and/or any successor or replacement swap provider from time to time.

"Swap Rate Modification" has the meaning given to it in Condition 17.2.10.

"Swap Subordinated Amount" means any amount due to the Swap Provider in connection with an early termination of the Swap Agreement where such termination results from an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Provider is the Defaulting Party (as defined in the Swap Agreement) or an Additional Termination Event (as defined in the Swap Agreement) resulting from a ratings downgrade of the Swap Provider, to the extent such amount is not satisfied out of amounts standing to the credit of the any Swap Collateral Account and applied in accordance with the Swap Collateral Account Priority of Payments.

"Swap Tax Credit" means any amounts relating to tax credits payable by the Issuer to the Swap Provider pursuant to the provisions of the ISDA Schedule to the Swap Agreement.

"Switch Date" means, in relation to a Product Switch, the date stated in the relevant Product Switch request or offer.

"Tax" means any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same wheresoever imposed) and **"Taxes"**, **"taxation"**, **"taxable"** and comparable expressions shall be construed accordingly.

"Tax Deduction" means any deduction or withholding on account of Tax imposed, levied, collected, withheld or assessed by or on behalf of the UK or any political sub-division thereof or any authority thereof or therein having power to tax.

"Tax Event" has the meaning given to it in Condition 9.4(b).

"the Act" means the Building Societies Act 1986.

"Title Deeds" means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and all other documents which make up the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage.

"Title Information Documents" means the Title Deeds and any related planning documents or other local authority documents relating to the Mortgaged Property.

"Transaction Account" means the account in the name of the Issuer held at the Issuer Account Bank (other than any Swap Collateral Account), or such additional or replacement bank account at such other Issuer Account Bank and/or other banks as may for the time being in place with the prior consent of the Trustee, as such.

"Transaction Documents" means the Account Bank Agreement, the Servicing Agreement, the Agency Agreement, the Cash Management Agreement, the Collection Accounts Declaration of Trust Accession Deed, the Corporate Services Agreement, the Deed of Charge, each Scottish Supplemental Charge, each Scottish Sub-Security, the Swap Agreement, the Issuer Security Power of Attorney, the Incorporated Terms Memorandum, the Mortgage Sale Agreement, each Scottish Declaration of Trust, each Scottish Transfer, the Risk Retention Letter, the Seller Security Power of Attorney, the Trust Deed, the Subordinated Loan Agreement and the Custody Agreement, such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and any other document designated as such.

"Transaction Party" means any person who is a party to a Transaction Document and **"Transaction Parties"** means some or all of them.

"Treaty" means the Treaty establishing the European Community, as amended.

"Trust Deed" means the deed so named dated on or about the Closing Date between the Issuer and the Trustee and any document expressed to be supplemented to the Trust Deed.

"Trust Documents" means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of the Trust Deed or (as applicable) the Deed of Charge and expressed to be supplemental to the Trust Deed or the Deed of Charge (as applicable).

"Trustee" means Citicorp Trustee Company Limited in its capacity as trustee under the terms of the Trust Documents, or such other person as may be appointed from time to time as Trustee (or co-Trustee) pursuant to the Trust Documents.

"UK" means the United Kingdom of Great Britain and Northern Ireland.

"UK Affected Investor" means certain UK-regulated "Institutional Investors" as defined in regulation 3(1) of the SR 2024 to whom the UK Securitisation Framework applies.

"UK CRR" means Regulation (EU) No. 575/2013 as it forms part of UK domestic law by virtue of the EUWA, as amended.

"UK Investor Report" means a quarterly investor report prepared by the Cash Manager in accordance with the Cash Management Agreement, as required by and in accordance with Article 7(1)(e) of Chapter 2 of the PRA Securitisation Rules.

"UK LCR Regulation" means the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended) as it forms part of UK domestic law by virtue of the EUWA.

"UK Loan Level Report" means a report prepared by the Servicer in respect of each Interest Period in accordance with the Servicing Agreement, as required by and in accordance with Article 7(1)(a) of Chapter 2 of the PRA Securitisation Rules.

"UK Risk Retention Requirements" means the requirements of Article 6(1) of Chapter 2 of the PRA Securitisation Rules.

"UK Securitisation Framework" means SR 2024, SECN, and PRASR, together with the relevant provisions of FSMA.

"UK Solvency II" means the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Solvency II as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

"UK STS Criteria" means the criteria with which a transaction is required to comply in order to meet the designation of a UK STS Securitisation.

"UK STS Notification" means the notification to be made to FCA by the Seller in accordance with SECN 2.5, in the form made available by the Seller on or about the Closing Date.

"UK STS Securitisation" has the meaning given to it in Regulation 9 (*STS Securitisations*) of the SR 2024.

"Voting Certificate" means an English language certificate issued by the Principal Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Definitive Certificates (not being the Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a Clearing System and that no such Notes will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Principal Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes represented by such Voting Certificate.

"Written Resolution" means a resolution in writing signed by or on behalf of all holders of Notes of the relevant class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

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