IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

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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 neither the Issuer, TSB Bank plc, Banco de Sabadell, S.A., Citigroup Global Markets Limited, BNP Paribas, Banco Santander S.A. and Merrill Lynch International, nor any person who controls it nor any director, officer, employee nor agent of it, 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 TSB Bank plc, Banco de Sabadell, S.A., Citigroup Global Markets Limited, BNP Paribas, Banco Santander S.A. and Merril Lynch International.

DUNCAN FUNDING 2024-1 PLC

(Incorporated in England and Wales with limited liability, registered number 15473385*)*

Legal Entity Identifier: 635400PGAEKS4EJD2S26

Class of Notes	Initial Principal Amount	Rate of Interest/ Interest Reference Rate	Relevant Margin Before Step-Up Date	Step-Up Date	Relevant Margin Following Step-Up Date	Final Legal Maturity Date	Expected Ratings (Moody's / Fitch)
Class A	£500,000,000	Compounded Daily SONIA	0.55%	October 2029	1.10%	22 July 2071	Aaa (sf) / AAA sf
Subordinated Note	£61,798,000	Fixed	N/A	N/A	N/A	22 July 2071	N/A

Issue Date

The Issuer expects to issue the notes (the **Notes**) in the classes set out above on or about 23 May 2024 (the **Closing Date**).

Underlying Assets

The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans (the **Loans**) originated by TSB Bank plc (**TSB Bank**) or acquired by TSB Bank from Lloyds Bank plc in 2013 pursuant to a transfer under Part VII of the Financial Services and Markets Act 2000 and secured over residential properties located in England, Wales and Scotland (the **Portfolio**) which will be purchased by the Issuer on the Closing Date. In addition, subject to the satisfaction of certain criteria, the Issuer will from time to time acquire additional Loans which will be included in the Portfolio. See the section entitled "*Characteristics of the Provisional Portfolio*" for more detail.

Credit Enhancement and Liquidity Support

- In respect of the Class A Notes, subordination by way of the Subordinated Note, the Liquidity Reserve Fund, the availability of Principal Receipts in certain circumstances to provide for Revenue Deficiency and the availability of excess Available Revenue Receipts.
- In respect of the Subordinated Note, the availability of excess Available Revenue Receipts.
- An interest rate swap with TSB Bank and a back-up interest rate swap with Lloyds Bank Corporate Markets Plc.

See the sections entitled "*Credit Structure*" and "*Terms and Conditions of the Notes*" for further details.

Redemption Provisions

Information on any optional and mandatory redemption of the Notes is summarised under "*Transaction Overview — Overview of the Terms and Conditions of the Notes — Mandatory Redemption*," "*— Optional Redemption for Tax or Other Reasons*", "*— Redemption of Class A Notes at the option of the Issuer*" and set out in full in Condition 7.3 (*Optional Redemption of the Class A Notes*).

UK Simple, Transparent and Standardised (STS) Securitisation

On or about the Closing Date, it is intended that a notification will be submitted to the Financial Conduct Authority (**FCA**) by TSB Bank, as originator, in accordance with Article 27 of the UK Securitisation Regulation, confirming that the requirements of Articles 18-22 of the UK Securitisation Regulation (the **UK STS Requirements**) have been satisfied with respect to the Notes (such notification, the **UK STS Notification**). It is not intended that the issue of the Notes comply with the requirements of Article 18-22 of the EU Securitisation Regulation. Any events which trigger changes in any Priority of Payments and any change in any Priority of Payment which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

The UK STS Notification, once notified to the FCA, will be available for download on the FCA STS Register website at https://data.fca.org.uk/#/sts/stssecuritisations (or its successor website) (the **FCA STS Register website**). For the avoidance of doubt, the FCA STS Register website and the contents thereof do not form part of this Prospectus. The UK STS status of the Notes is not static and investors should verify the current status on the FCA STS Register website, which will be updated where the Notes are no longer considered to be UK STS following a decision of competent authorities or a notification by TSB Bank. In relation to the UK STS Notification, TSB Bank has been designated as the first contact point for investors and the FCA.

TSB Bank and the Issuer have used the services of Prime Collateralised Securities (PCS) UK Limited (**PCS UK**) , a third party authorised pursuant to Article 28 of the UK Securitisation Regulation in connection with an assessment of the compliance of the Notes with the requirements of Articles 18 to 22 of the UK Securitisation Regulation (the **UK STS Verification**). It is expected that the UK STS Verification prepared by PCS UK will be available on its website at https://pcsmarket.org/sts-verification-transactions/. For the avoidance of doubt, the website of PCS UK and the contents of that website do not form part of this Prospectus.

Note that designation as a UK STS securitisation does not meet, as at the date of this Prospectus, the STS requirements of the EU Securitisation Regulation, and, as such, better or more flexible regulatory treatment under the relevant EU regulatory regimes (in particular, under the EU CRR, the EU LCR Regulation and the EU

Solvency II regime) will not be available. For further information please refer to the Risk Factor entitled "*Simple, Transparent and Standardised (STS) Securitisations*" below.

No representation or warranty is made by TSB Bank, the Arranger, the Joint Lead Managers or any other person as to compliance with the UK STS Requirements. No assurance can be given that the Notes will, on the Closing Date, be compliant and thereafter remain compliant, because the UK STS Requirements may change over time. For further information please refer to the Risk Factor entitled "*Simple, Transparent and Standardised (STS) Securitisations*" below.

Benchmarks Regulation

Interest payable on the floating rate Notes will be calculated by reference to SONIA. As at the date of this prospectus (the **Prospectus**), the administrator of SONIA is not included in ESMA's register of administrators and benchmarks established and maintained in accordance with Article 36 of Regulation (EU) No. 2016/1011 (as amended or superseded) (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 benchmark issued in 2017 by the International Organisation of Securities Benchmarks. At the date of this Prospectus, the administrators of SONIA is not included in the FCA's register of administrators under Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**) (the **UK Benchmarks Regulation**).

Rating Agencies

As of the Closing Date, Moody's Investors Service Ltd. (**Moody's**) and Fitch Ratings Ltd. (**Fitch** and, together with Moody's, the **Rating Agencies**) are the Rating Agencies appointed in relation to this transaction. As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom and is registered under Regulation (EU) No. 1060/2009 (as amended) as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). The ratings issued by the Rating Agencies have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the EU and registered under Regulation (EU) No. 1060/2009 (as amended (the **EU CRA Regulation**)). As such, each of the Rating Agencies is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) (this website and the contents thereof do not form part of this Prospectus) and by the FCA on its website (at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras) (this website and the contents thereof do not form part of this Prospectus). In general, European and United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the United Kingdom (as applicable) and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable).

All references to Moody's and Fitch in this Prospectus are to the entities as defined in the above paragraph.

Ratings

Ratings are expected to be assigned to the Class A Notes (the **Class A Notes** as set out above on the Closing Date. The ratings of the Class A Notes will be issued by the Rating Agencies. The ratings reflect the views of the Rating Agencies and are based on the Loans, the Related Security and the Properties and the structural features of the transaction. The ratings assigned by Fitch address the likelihood of full and timely payment to the Noteholders (i) of interest due on each Interest Payment Date (as defined below) and (ii) of principal on a date that is not later than the Interest Payment Date falling in July 2071 (the **Final Legal Maturity Date**). The ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the Class of Notes held by the Noteholder by the Final Legal Maturity Date. In Moody's opinion, the structure allows for timely payment of interest and principal at par by the Final Legal Maturity Date.

The assignment of ratings to the Class A Notes is not a recommendation to invest in the Class A Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any credit rating assigned to the Class A Notes may be revised or withdrawn at any time.

The Rating Agencies have informed the Issuer that the "sf" designation in the ratings represents an identifier of structured finance product ratings and was implemented by the Rating Agencies for ratings of structured finance products as of August 2010.

Any credit rating assigned to the Class A Notes may be revised, suspended or withdrawn at any time.

The Subordinated Note will not be rated.

Listing

This document comprises a prospectus (the "**Prospectus**"), for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). This Prospectus has been approved by the Financial Conduct Authority (the "**FCA**") as competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Approval by the FCA should not be considered as an endorsement of the Issuer or of 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.

Application has been made for the Class A Notes to be admitted to the official list of the FCA (the "**Official List**") and to trading on the main market of the London Stock Exchange. The London Stock Exchange's main market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**").

The Subordinated Note has not been admitted to trading on the regulated market of the London Stock Exchange or admitted to the Official List. Information contained in this Prospectus relating to the Subordinated Note is included herein for completeness. The requirement to publish a prospectus under the FSMA (as defined below) only applies to notes which are admitted to trading on a UK regulated market as defined in UK MiFIR and/or offered to the public in the United Kingdom other than in circumstances where an exemption is available under section 86 of the FSMA (as defined below). References in this Prospectus to Subordinated Note are to notes for which no prospectus is required to be published under the UK Prospectus Regulation and FSMA (as defined below). The FCA has neither approved nor reviewed information contained in this Prospectus in connection with the Subordinated Note.

Obligations

The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of or guaranteed by TSB Bank, its affiliates, the Arranger, any of the Joint Lead Managers or any other party named in this Prospectus other than the Issuer.

UK Retention Undertaking and EU Retention Undertaking

TSB Bank, in its capacity as originator for the purposes of the UK Securitisation Regulation and EU Securitisation Regulation (as defined below), undertakes to the Issuer and the Note Trustee that it will retain, on an on-going basis, a material net economic interest which shall in any event not be less than 5 per cent. of the nominal value of the securitised exposure in the securitisation:

(i) as required by Article 6(1) of the UK Securitisation Regulation and in accordance with Article 6(3)(d) of the UK Securitisation Regulation, as it forms part of domestic law by virtue of the EUWA (the **UK Securitisation Regulation**) together with any binding technical standards as amended, varied or substituted from time to time after the Closing Date (the **UK Retention Requirement**) and

(ii) under the Transaction Documents in connection with Article 6(3)(d) of Regulation (EU) 2017/2402 together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time (the **EU Securitisation Regulation)** (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) as though Article 6 of the EU Securitisation Regulation applied to the transaction, not taking into account any relevant national measures (as contractual obligations only), but solely as such articles are interpreted and applied on the Closing Date (the **EU Retention Requirement**) provided that on and from the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained), references to, and obligations in respect of, the EU Securitisation Regulation shall not apply.

As at the Closing Date, such interest will comprise of an interest in the first loss tranche having the same or a more severe risk profile than those transferred or sold to investors, represented in this case by the retention by TSB Bank of the Subordinated Note, in accordance with (i) Article 6(3)(d) of the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with Article 6(3)(d) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation). Any change to the manner in which such interest is held may only be made in accordance with the applicable laws and regulations and will be notified to investors. See "*Certain Regulatory Disclosures — UK Securitisation Regulation*" for more information.

Each potential UK affected 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 Article 5 of the UK Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Arranger the Joint Lead Managers, the Seller 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.

Each potential EU Affected Investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Arranger, the Joint Lead Managers, the Seller or any of the other Transaction Parties makes any representation, warranty or covenant that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such Purposes.

Notwithstanding the above, each prospective EU Affected Investor should note that in respect of the EU Retention Requirement:

- the obligation of the Seller to comply with the EU Retention Requirement is strictly contractual pursuant to the terms of the Mortgage Sale Agreement and applies with respect to Article 6 of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) and any binding technical standards, not taking into account any relevant national measures, as such articles are interpreted and applied on the Closing Date only, until the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained); and

- to the extent the EU Retention Requirements are amended, or new EU technical standards, guidance or policy statements are introduced in relation thereto after the Closing Date, the Seller will be under no obligation to comply with any such amendments.

Reporting Obligations

For the purposes of Articles 7(2) and 22(5) of the UK Securitisation Regulation, the Seller as originator is the entity responsible for fulfilling the information requirements of Article 7 of the UK Securitisation Regulation and will either fulfil such reporting requirements itself or shall procure that such requirements are fulfilled.

Prior to the pricing of the Notes (to the extent required pursuant to Article 22(5) of the UK Securitisation Regulation) and, thereafter, for so long as the Notes remain outstanding, the Cash Manager on behalf of the Issuer and the Seller will publish (i) (1) a quarterly loan-level data report using the Bank of England Loan Level Data Reporting Template within one month of each Interest Payment Date (the **Bank of England Quarterly Report** and (2) a quarterly investor report detailing, *inter alia*, certain loan data in relation to the Portfolio in respect of the relevant collection period as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards within one month of each Interest Payment Date (the **UK Investor Report**), and (ii) upon request and/ or to the extent required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards, certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period (**UK Loan Level Information**), simultaneously with the UK Investor Report (to the extent required under Article 7(1) of the UK Securitisation Regulation and the UK Article 7 Technical Standards) ((i) and (ii) above the **UK Reporting Requirements**).

The Cash Manager shall, on behalf of the Issuer and the Seller, publish a cash flow model (the **Cash Flow Model**), either directly or indirectly through one or more entities which provide such Cash Flow Models, which 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 (i) prior to pricing of the Notes (to the extent required pursuant to Article 22(3) of the UK Securitisation Regulation and Article 22(3) of the EU Securitisation Regulation but solely in the case of the EU Securitisation Regulation as such articles and are interpreted and applied on the Closing Date to potential investors, and (ii) from the Closing Date until the date the last Note is redeemed in full on an on-going basis (within one month of each Interest Payment Date) and to investors in the Notes and to potential investors in the Notes upon request.

In addition, the Seller has agreed to comply with the EU Reporting Requirements (defined below) pursuant to the Transaction Documents and for so long as the Notes are outstanding, the Cash Manager on behalf of the Issuer and the Seller will publish (i) a quarterly investor report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio in respect of the relevant collection period as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as if the EU Reporting Requirements were applicable to it) and the EU Article 7 Technical Standards not taking into account any relevant national measures, but solely in the case of the EU Securitisation Regulation as such articles and technical standards are interpreted and applied on the Closing Date, provided that on and from the applicable SR Equivalency Date references to, and obligations in respect of, the EU Securitisation Regulation and the EU Article 7 Technical Standards shall not apply (the **EU Investor Report** and together with the UK Investor Report and the Bank of England Quarterly Report, the **Quarterly Reports**) and (ii) upon request and/or to the extent required and in accordance with Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to the Seller), on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period (the **EU Loan Level Information**) together with the UK Loan Level Information, the **Loan Level Information**, simultaneously with the EU Investor Report (to the extent required under Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards but solely in the case of the EU Securitisation Regulation as such articles and technical standards are interpreted and applied on the Closing Date ((i) and (ii) above, the **EU Reporting Requirements**).

U.S. Credit Risk Retention

TSB Bank plc, as the sponsor under the final rules promulgated under Section 15G of the U.S 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 securitised 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 non-U.S. transactions. Except with the prior written consent of the Seller, and where such sale falls within the exemption provided by Section 20 of 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. Each Purchaser of the Notes or a beneficial interest herein acquired in the initial syndication of the Notes by its acquisition of the Notes or a beneficial interest therein, will be deemed to have made certain representations and agreements, including that it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent (as defined below) from the Seller, (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). Any Risk Retention U.S. Person that is a prospective investor in the Notes must inform the Seller and the Arranger that it is a Risk Retention U.S. Person.

Volcker Rule

The transaction has been structured so that the Issuer is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof, will not be, a "covered fund" as defined in section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the **Volcker Rule**). Although other statutory or regulatory exclusions or exemptions under the U.S. Investment Company Act of 1940, as amended (the **Investment Company Act**) or the Volcker Rule may be available to the Issuer, this view is based on the determination that the Issuer may rely on the exclusion from the definition of "investment company" under the

	Investment Company Act provided by Section 3(c)(5)(C) thereunder, and accordingly the Issuer need not rely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for its exemption from registration under the Investment Company Act and may rely on the exemption from the definition of "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration under the Investment Company Act. See "*Certain Regulatory Disclosures — Volcker Rule Considerations*".
Significant Investor	On the Closing Date, TSB Bank plc will purchase and retain the Subordinated Note.

THE "*RISK FACTORS*" SECTION 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.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction of the United States. Accordingly, the Notes are being offered, sold or delivered only to non-U.S. persons (as defined in Regulation S under the Securities Act (Regulation S)) outside the United States in reliance on Regulation S.

Arranger

CITIGROUP GLOBAL MARKETS LIMITED

Joint Lead Managers

BANCO DE SABADELL, S.A. **CITIGROUP GLOBAL MARKETS LIMITED** **BNP PARIBAS**

SANTANDER CORPORATE AND INVESTMENT BANKING **MERRILL LYNCH INTERNATIONAL**

The date of this Prospectus is 21 May 2024

NOTICE TO INVESTORS

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, 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, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. IN ADDITION, THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE THE SECTION ENTITLED "*TRANSFER RESTRICTIONS*" SET OUT BELOW.

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 ISSUER, THE SELLER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE INTEREST RATE SWAP PROVIDER, THE BACK-UP SWAP PROVIDER, THE ISSUER ACCOUNT BANK, THE CUSTODIAN, ANY JOINT LEAD MANAGER, OR THE ARRANGER 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 FOR THE PURPOSES OF THE UK PROSPECTUS REGULATION BY THE UK LISTING AUTHORITY, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER, THE SELLER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE INTEREST RATE SWAP PROVIDER, THE BACK-UP SWAP PROVIDER, ANY JOINT LEAD MANAGER OR THE ARRANGER 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, AND EACH OF THE ARRANGER AND THE JOINT LEAD MANAGERS HAS REPRESENTED THAT ALL OFFERS AND SALES BY IT WILL BE MADE ON SUCH TERMS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE ARRANGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. EACH PURCHASER OF THE NOTES WILL BE DEEMED BY ITS ACCEPTANCE OF SUCH NOTES TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF THE NOTES AS SET FORTH THEREIN AND DESCRIBED IN THIS PROSPECTUS AND, IN CONNECTION THEREWITH, MAY BE REQUIRED TO PROVIDE CONFIRMATION OF ITS COMPLIANCE WITH SUCH RESALE AND OTHER TRANSFER RESTRICTIONS IN CERTAIN CASES. SEE "*TRANSFER RESTRICTIONS*".

NONE OF THE ISSUER, ANY JOINT LEAD MANAGER OR THE ARRANGER MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE SELLER, AS 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 FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (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. EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION __.20 OF 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. 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 TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE SELLER, (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). ANY RISK RETENTION U.S. PERSON THAT IS A PROSPECTIVE INVESTOR IN THE NOTES MUST INFORM THE SELLER AND THE ARRANGER THAT IT IS A RISK RETENTION U.S. PERSON.

THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE SELLER, THE INTEREST RATE SWAP PROVIDER, THE BACK-UP SWAP PROVIDER, THE SERVICER, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICING FACILITATOR, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE CUSTODIAN, THE START-UP LOAN PROVIDER, ANY PAYING AGENT, THE SUBORDINATED NOTEHOLDER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, ANY JOINT LEAD MANAGER, THE ARRANGER, ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE SELLER, THE CORPORATE SERVICES PROVIDER, THE INTEREST RATE SWAP PROVIDER, THE BACK-UP SWAP PROVIDER, THE SERVICER, THE BACK-UP SERVICING FACILITATOR, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE CUSTODIAN, THE START-UP LOAN PROVIDER, THE SUBORDINATED NOTEHOLDER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, ANY JOINT LEAD MANAGER OR THE ARRANGER OR BY ANY PERSON OTHER THAN THE ISSUER.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED 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 IS CLEARLY SOURCED 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.

TSB BANK PLC, IN ITS CAPACITIES AS SELLER, SERVICER, CASH MANAGER, DEMATERIALISED NOTE REGISTRAR, SUBORDINATED NOTEHOLDER AND SPONSOR, ACCEPTS RESPONSIBILITY FOR THE INFORMATION RELATING TO IT SET OUT IN THE SECTIONS HEADED "*CERTAIN REGULATORY DISCLOSURES — UK Securitisation Regulation*" AND "*TSB BANK PLC AND TSB BANKING GROUP PLC*". TO THE BEST OF ITS KNOWLEDGE THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THIS PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT ITS IMPORT. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE SELLER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS HEADED "*CERTAIN REGULATORY DISCLOSURES — UK Securitisation Regulation"* AND "*TSB BANK PLC AND TSB BANKING GROUP PLC*") OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

NEITHER THE ARRANGER NOR ANY JOINT LEAD MANAGER ACCEPT ANY RESPONSIBILITY FOR THE COMPLIANCE OF ANY TRANSACTION PARTY WITH THE REQUIREMENTS OF THE UK SECURITISATION REGULATION.

THE INFORMATION ON THE WEBSITES TO WHICH THIS PROSPECTUS REFERS DOES NOT FORM PART OF THIS PROSPECTUS AND HAS NOT BEEN SCRUTINISED OR APPROVED BY THE FCA.

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE LISTING OF THE CLASS A NOTES OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE SELLER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, ANY JOINT LEAD MANAGER, THE ARRANGER, OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE LISTING OF THE CLASS A NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THE SELLER OR IN THE OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER AND THE OTHER SOURCES IDENTIFIED HEREIN, BUT NO ASSURANCE CAN BE GIVEN BY THE ARRANGER, THE JOINT LEAD MANAGERS, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE ARRANGER, THE JOINT LEAD MANAGERS, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE HAS SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE ARRANGER, THE JOINT LEAD MANAGERS, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS LISTING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE SELLER, ANY JOINT LEAD MANAGER OR THE ARRANGER OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

PAYMENTS OF INTEREST AND PRINCIPAL IN RESPECT OF THE NOTES WILL BE SUBJECT TO ANY APPLICABLE WITHHOLDING TAXES WITHOUT THE ISSUER OR ANY OTHER PERSON BEING OBLIGED TO PAY ADDITIONAL AMOUNTS THEREFOR.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes in the European Economic Area ("**EEA**") 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, "**EU MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes in the UK has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"),

and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

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 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 EU 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 EU MiFID II; or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"). 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. The Issuer, the Arranger and the Joint Lead Managers expressly disclaim any responsibility, and shall have no liability towards the persons purchasing such Notes or any retail investors, for offers and sales of Notes to retail investors in circumstances where such Notes are sold to retail investors in the EEA.

PROHIBITION OF SALES TO UK 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA (as defined below) and any rules or regulations made under the FSMA (as defined below) to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of UK MiFIR or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. The Issuer, the Arranger and the Joint Lead Managers expressly disclaim any responsibility, and shall have no liability towards the persons purchasing such Notes or any retail investors, for offers and sales of Notes to retail investors in circumstances where such Notes are sold to retail investors in the UK.

EACH OF THE JOINT LEAD MANAGERS HAS REPRESENTED, WARRANTED AND UNDERTAKEN 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 FINANCIAL SERVICES AND MARKETS ACT 2000 (THE **FSMA**)) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE 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 UNITED KINGDOM.

In this Prospectus, all references to **pounds**, **Sterling**, **GBP** and **£** are references to the lawful currency for the time being of the United Kingdom. References in this Prospectus to **€** and **Euro** are references to the currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time. References in this Prospectus to **USD**, **US$**, **$**, **U.S. dollars** or **dollars** are to the lawful currency of the United States of America.

Forward-Looking Statements and Statistical Information

This Prospectus includes statements that are, or may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. 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 judgements 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", "should", "believe", "expect", "anticipate", "continue", "intend", "persist" 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 United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer.

This Prospectus also contains certain tables and other statistical analyses (the **Statistical Information**) which have been prepared in reliance on information provided by the Issuer. 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 Issuer, the Arranger or the Joint Lead Managers has attempted to verify the accuracy of 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 the forward-looking statements or the Statistical Information. None of the Issuer, the Arranger or the Joint Lead Managers assumes any obligation to update these forward-looking statements or the Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or the Statistical Information, as applicable.

The Notes may not be a Suitable Investment for all Investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions

apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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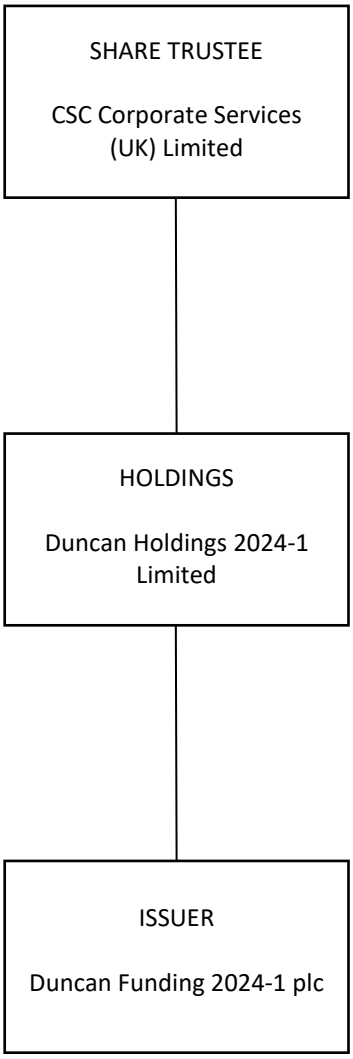
TRANSACTION OVERVIEW

Diagrammatic Overviews of Ownership Structure, Transaction Parties and Cash Flows

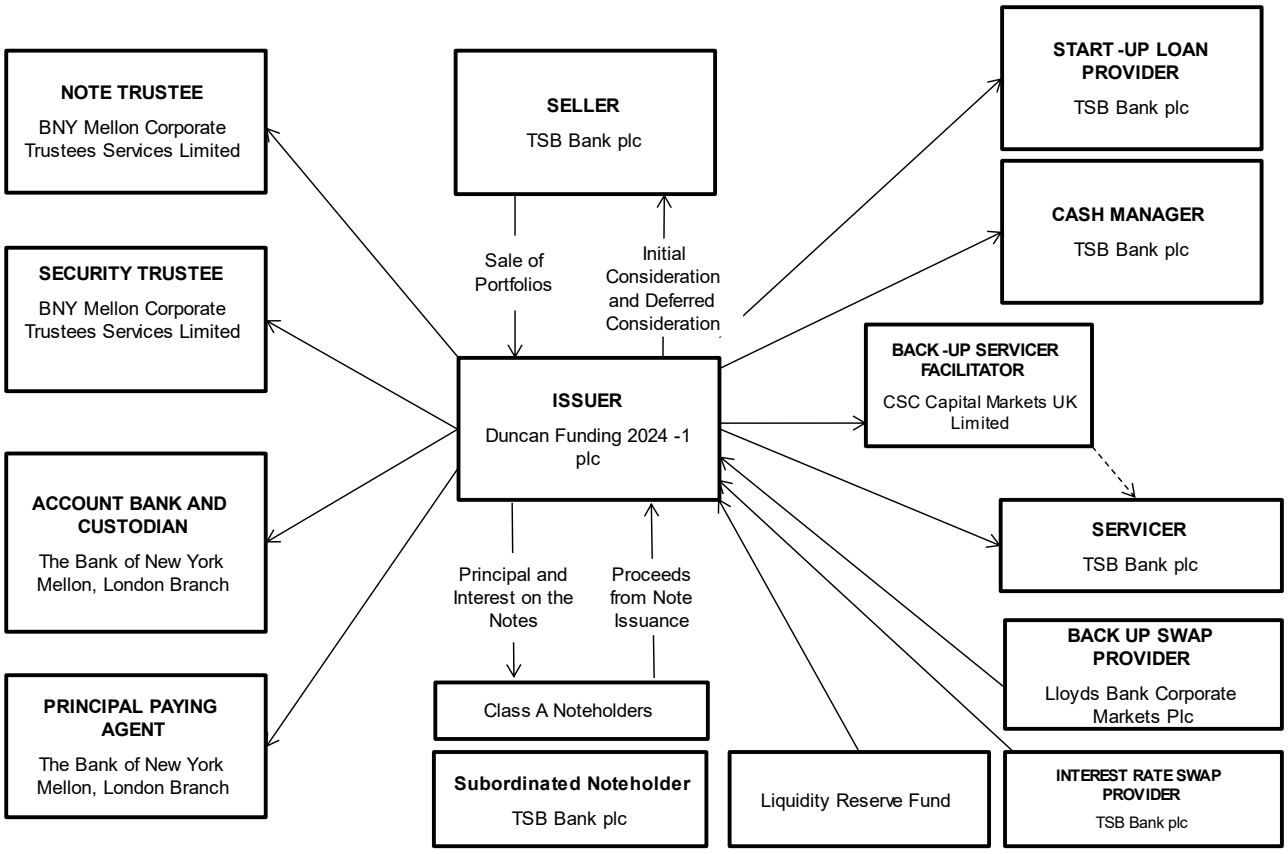


This figure illustrates the ownership structure of the special purpose companies that are parties to the transaction, as follows:

- 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 discretionary trust, the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings or the Share Trustee are owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

Diagrammatic Overview of the Transaction



This figure illustrates a brief overview of the transaction, as follows:

The Seller will sell the Initial Portfolio (comprising the Initial Loans, the Initial Related Security and all amounts derived therefrom) to the Issuer on the Closing Date.

The Issuer will use the proceeds of the issue of the Notes to pay the Initial Consideration in an amount equal to the Current Balance of the Initial Loans on the Closing Date. At later dates, the Issuer will pay Deferred Consideration to the Seller from excess Available Revenue Receipts and excess Available Principal Receipts. The Deferred Consideration will be paid in accordance with the Priority of Payments set out in the section headed “Cashflows — Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer” below.

On the Closing Date, the Issuer will use the proceeds of the Start-Up Loan (a) to pay for certain of the Issuer’s initial fees and expenses incurred in connection with the issue of the Notes, and (b) to establish the Liquidity Reserve Fund in an amount equal to the Initial Liquidity Reserve Fund Required Amount.

In any Monthly Period during the Revolving Period, the Seller may sell one or more New Portfolios (comprising new Loans, their Related Security and all amounts derived therefrom) to the Issuer on any Business Day following the Monthly Pool Date for that Monthly Period, if the Cash Manager ascertains on behalf of the Issuer, that there are sufficient funds standing to the credit of the Principal Ledger (after making the Intra-Period Deduction (as defined below)) to pay for the requisite New Portfolio Purchase Price on the relevant Sale Date(s).

If the Issuer is unable to fund the purchase of any New Portfolios (in whole or in part) by an Interest Payment Date following the application of the Pre-Enforcement Principal Priority of Payments and utilising (if requested) any Further Subordinated Note Funding to meet the relevant shortfall amount(s), then the Seller must offer to repurchase from the Issuer in the case of a shortfall relating to a New Portfolio, such Loans and Related Security comprising the relevant New Portfolio in an amount that is sufficient to cure any such shortfall, on the Business Day immediately following such Interest Payment Date, at a repurchase price equal to the then Current Balance of the relevant Loan(s) as at the date of such repurchase.

The Issuer will use Revenue Receipts and Principal Receipts received in respect of the Portfolio to meet its obligations to pay, among other items, interest amounts and principal amounts, respectively, to the Noteholders in accordance with, and subject to, the applicable Priority of Payments.

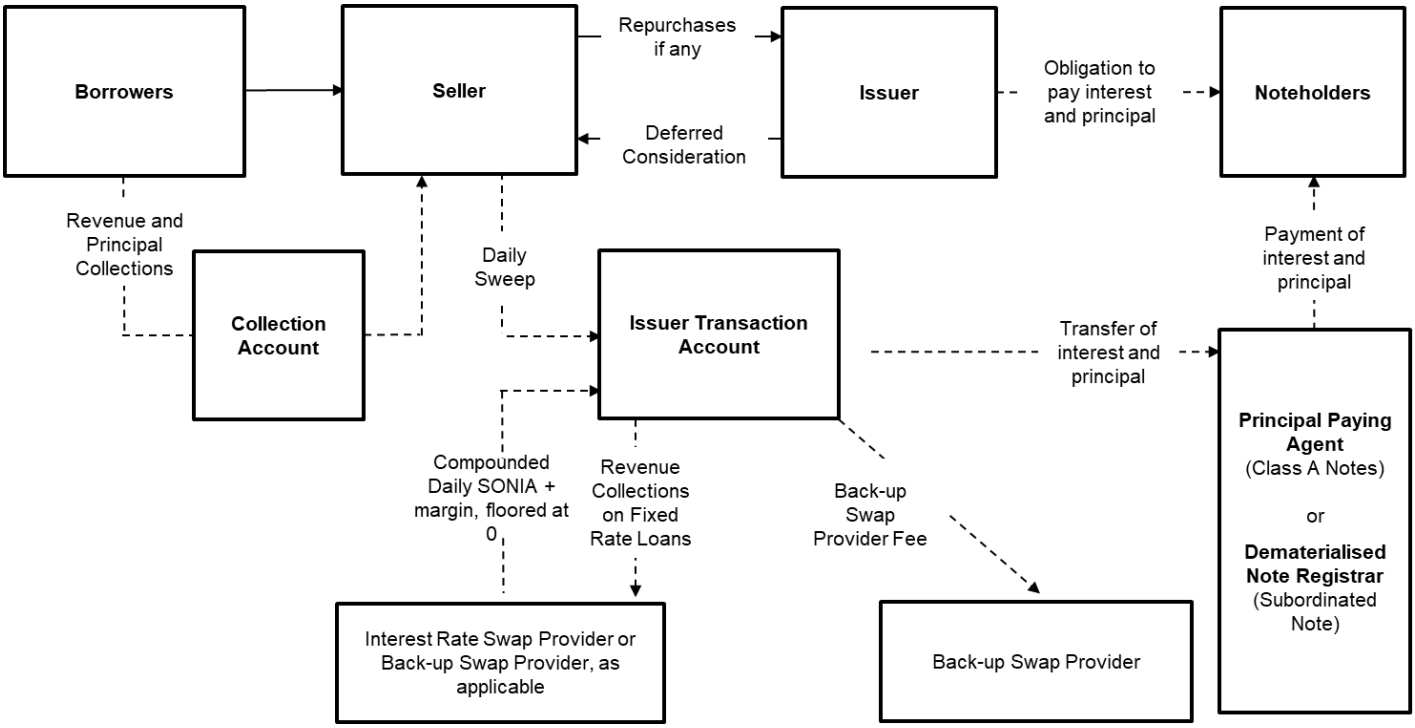
Pursuant to the terms of the Deed of Charge, the Issuer will grant security over all of its assets in favour of the Security Trustee, to secure its obligations to its various creditors, including the Noteholders.

The terms of the Notes will be governed by a Trust Deed made with the Note Trustee, among others.

The Issuer will open the Issuer Transaction Account with the Issuer Account Bank. The Issuer will enter into the Interest Rate Swap with the Interest Rate Swap Provider to hedge against the possible variance between various fixed rates of interest received on the Fixed Rate Loans in the Portfolio and a rate calculated by reference to Compounded Daily SONIA. In addition, on the Closing Date, the Issuer will enter into a Back-up Swap with the Back-up Swap Provider under the Back-up Swap Agreement. The purpose of the Back-up Swap Agreement is to enable the Issuer to continue to hedge interest-rate risk as stated above if a Back-up Swap Trigger Date occurs. If a Back-up Swap Trigger Date occurs under the Back-up Swap Agreement, the notional amount under the Back-up Swap will increase from zero to an amount equal to the notional amount that would have been calculated under the Interest Rate Swap but for its termination. In such circumstances, the interest rate risk mitigation provided pursuant to the Interest Rate Swap will instead be provided by the Back-up Swap Provider under the Back-up Swap Agreement and the Interest Rate Swap will be terminated.

The Issuer will open (a) the Sterling Cash Swap Collateral Accounts, (b) the Euro Cash Swap Collateral Account and (c) the Swap Collateral Securities Accounts, each with the Custodian in the name of the Issuer on or about the Closing Date and may open any further Swap Collateral Accounts for any Swap Provider under the Custody Agreement in accordance with the Transaction Documents.

Diagrammatic Overview of On-Going Cashflows



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. Capitalised terms used, but not defined, in certain sections of this Prospectus, including this overview, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.

You should read the entire Prospectus carefully, especially the risks of investing in the Notes discussed under "Risk Factors".

Transaction Parties on the Closing Date

The following is an overview of the parties and the principal features of the Notes, the Loans and their Related Security and the Transaction Documents and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus.

Party	Name	Address	Relevant Appointment Document and Further Information
Issuer	Duncan Funding 2024-1 plc, a public limited company incorporated under the laws of England and Wales with registered number 15473385	10th Floor, 5 Churchill Place, London E14 5HU	The Issuer is a wholly owned subsidiary of Holdings in respect of its beneficial ownership. The Issuer was established as a special purpose entity for the purpose of, *inter alia*, issuing the Notes and using the gross proceeds from the sale of the Notes to acquire the Initial Portfolio and using certain Available Funds to acquire, from time to time, any New Portfolios from the Seller. See "*The Issuer*".
Holdings	Duncan Holdings 2024-1 Limited, a private limited company incorporated under the laws of England and Wales with registered number 15471193	10th Floor, 5 Churchill Place, London E14 5HU	The issued share capital of Holdings is held by CSC Corporate Services (UK) Limited as share trustee (the **Share Trustee**) under the terms of a discretionary trust for discretionary purposes. See "*Holdings*".
Seller	TSB Bank plc, a public limited company incorporated under the laws of Scotland with registered number SC095237 (**TSB Bank**)	Henry Duncan House 120 George Street Edinburgh EH2 4LH	The Mortgage Sale Agreement (the **Mortgage Sale Agreement**) to be entered into on or about the Closing Date among TSB Bank, the Issuer, the Servicer and the Security Trustee. On the Closing Date, the Seller will sell its Loans comprising the Initial Portfolio to the Issuer pursuant to the terms of the Mortgage Sale Agreement. On any Sale Date during the Revolving Period, the Seller may sell New Portfolios to the Issuer subject to the satisfaction of certain conditions. See "*Summary of the Key Transaction Documents — Mortgage Sale Agreement*" and "*TSB Bank plc and TSB Banking Group plc*".

Party	Name	Address	Relevant Appointment Document and Further Information
Servicer	TSB Bank	Henry Duncan House 120 George Street Edinburgh EH2 4LH	The Servicing Agreement (the **Servicing Agreement**) to be entered into on or about the Closing Date among the Servicer, the Back-Up Servicing Facilitator, the Issuer, the Seller and the Security Trustee. Pursuant to the terms of the Servicing Agreement, the Servicer will service the Loans sold by the Seller to the Issuer that comprise the Portfolio on behalf of the Issuer. See "*Summary of the Key Transaction Documents — Servicing Agreement*" and "*TSB Bank plc and TSB Banking Group plc*".
Back-Up Servicing Facilitator	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London E14 5HU	The Servicing Agreement. Upon the occurrence of a Servicer Termination Event under the Servicing Agreement, the Back-Up Servicing Facilitator will assist the Servicer, the Seller, the Security Trustee and the Issuer in using reasonable endeavours to appoint a replacement servicer or cash manager, as applicable, which replacement may include the Back-Up Servicing Facilitator. See "*Summary of the Key Transaction Documents— Servicing Agreement*".
Cash Manager	TSB Bank	Henry Duncan House 120 George Street Edinburgh EH2 4LH	The Cash Management Agreement (the **Cash Management Agreement**) to be entered into on or about the Closing Date among the Cash Manager, the Issuer and the Security Trustee. The Cash Manager will act as agent for the Issuer to manage all cash transactions and maintain certain ledgers on behalf of the Issuer. See "*Summary of the Key Transaction Documents — Cash Management Agreement*" and "*TSB Bank plc and TSB Banking Group plc*".
Note Trustee	BNY Mellon Corporate Trustee Services Limited	160 Queen Victoria Street, London EC4V 4LA	The Trust Deed (the **Trust Deed**) to be entered into on or about the Closing Date among the Issuer, the Security Trustee, the Subordinated Noteholder and the Note Trustee. The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes on trust for the holders of the Notes (the **Noteholders**). See "*Summary of the Key Transaction Documents — Trust Deed*" and "*The Note Trustee and the Security Trustee*".

Party	Name	Address	Relevant Appointment Document and Further Information
Security Trustee	BNY Mellon Corporate Trustee Services Limited	160 Queen Victoria Street, London EC4V 4LA	The Deed of Charge (the **Deed of Charge**) to be entered into on or about the Closing Date between, *inter alios*, the Issuer and the Security Trustee. The Security Trustee will hold the security to be granted by the Issuer under the Deed of Charge for the benefit of, *inter alios*, the Noteholders, and will be entitled to enforce the security granted in its favour under the Deed of Charge. See "*Summary of the Key Transaction Documents — Deed of Charge*" and "*The Note Trustee and the Security Trustee*".
Interest Rate Swap Provider	TSB Bank	Henry Duncan House 120 George Street Edinburgh EH2 4LH	A 2002 ISDA Master Agreement, as published by the International Swaps and Derivatives Association, Inc. (a **2002 ISDA Master Agreement**) (including a schedule and a credit support annex thereto and a confirmation thereunder) (the **Interest Rate Swap Agreement**) to be entered into on or about the Closing Date between the Issuer and the Interest Rate Swap Provider (as amended from time to time) pursuant to which the Issuer will hedge against the possible variance between various fixed rates of interest received on the Fixed Rate Loans in the Portfolio and a rate of interest calculated by reference to Compounded Daily SONIA (the **Interest Rate Swap**). See "*Credit Structure — Interest Rate Swap*".
Back-up Swap Provider	Lloyds Bank Corporate Markets plc	25 Gresham Street, London, EC2V 7HN	On or about the Closing Date, the Issuer will enter into a 2002 ISDA Master Agreement (including a schedule and a credit support annex thereto and a confirmation thereunder) (the **Back-up Swap Agreement**) with the Back-up Swap Provider (as amended from time to time). The purpose of the Back-up Swap Agreement is to enable the Issuer to continue to hedge interest-rate risk if a Back-up Swap Trigger Date occurs. If a Back-up Swap Trigger Date occurs under the Back-up Swap Agreement, the notional amount under the Back-up Swap will increase from zero to an amount equal to the notional amount that would have been calculated under the Interest Rate Swap but for its termination. In such circumstances, the interest rate risk mitigation provided pursuant to the Interest Rate Swap Agreement will instead be provided by the Back-up Swap Provider

Party	Name	Address	Relevant Appointment Document and Further Information
			under the Back-up Swap Agreement and the Interest Rate Swap will be terminated.
Issuer Account Bank	The Bank of New York Mellon, London Branch	160 Queen Victoria Street, London EC4V 4LA	The Bank Account Agreement (the **Bank Account Agreement**) to be entered into on or about the Closing Date between the Issuer Account Bank, the Cash Manager, the Issuer and the Security Trustee. On or about the Closing Date, the Issuer will open, with the Issuer Account Bank a transaction account (the **Issuer Transaction Account**). See "*Summary of the Key Transaction Documents — The Bank Account* Agreement"
Custodian	The Bank of New York Mellon, London Branch	160 Queen Victoria Street, London EC4V 4LA	The Custody Agreement (the **Custody Agreement**) to be entered into on or about the Closing Date between the Custodian the Issuer and the Security Trustee. On or about the Closing Date, the Issuer will open with the Custodian (I) Sterling cash Swap Collateral Accounts in the name of the Issuer with respect to each Swap Provider (the **Sterling Cash Swap Collateral Accounts**) and a Euro cash Swap Collateral Account in the name of the Issuer with respect to the Back-up Swap Provider (the **Euro Cash Swap Collateral Account**), (the Sterling Cash Swap Collateral Accounts and the Euro Cash Swap Collateral Account, together with any substitute cash swap collateral accounts opened pursuant to the Account Bank Agreement or any substitute account bank agreement, to be credited with the Swap Collateral, from time to time, transferred by any Swap Provider pursuant and subject to the terms of the relevant Swap Agreement the **Swap Collateral Cash Accounts**) and (II) a securities account for securities denominated in EUR in the name of the Issuer with respect to the Back-up Swap Provider and securities accounts for securities denominated in GBP in the name of the Issuer with respect to each Swap Provider (together with any substitute securities swap collateral accounts opened pursuant to the Account Bank Agreement or any substitute account bank agreement, to be credited with the Swap Collateral, from time to time, transferred by any Swap Provider pursuant and subject to the terms of the relevant Swap Agreement, the **Swap**

Party	Name	Address	Relevant Appointment Document and Further Information
			Collateral Securities Accounts, and the Swap Collateral Cash Accounts together with the Swap Collateral Securities Account, the **Swap Collateral Accounts** and each a **Swap Collateral Account**). The Issuer Transaction Account, the Swap Collateral Accounts and any additional accounts required to be established by the Issuer pursuant to the Bank Account Agreement and/or the Custody Agreement are collectively referred to as the **Bank Accounts**, and each a **Bank Account**. See "*Summary of the Key Transaction Documents — The Custody Agreement*
Start-Up Loan Provider	TSB Bank	Henry Duncan House 120 George Street Edinburgh EH2 4LH	The Start-Up Loan Agreement (the **Start-Up Loan Agreement**) to be entered into on or about the Closing Date between the Issuer and the Start-Up Loan Provider. See "*Credit Structure — Start-Up Loan*" and "*TSB Bank plc and TSB Banking Group plc*".
Corporate Services Provider	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London E14 5HU	The Corporate Services Agreement (the **Corporate Services Agreement**) to be entered into on or about the Closing Date among the Issuer, Holdings, the Share Trustee, the Seller, the Security Trustee and the Corporate Services Provider.
Agent Bank and **Principal Paying Agent**	The Bank of New York Mellon, London Branch	160 Queen Victoria Street, London EC4V 4LA	The Agency Agreement (the **Agency Agreement**) to be entered into on or about the Closing Date among the Issuer, the Security Trustee, the Note Trustee, the Principal Paying Agent, the Dematerialised Note Registrar and the Agent Bank. See "*Summary of the Key Transaction Documents — Agency Agreement*" and "*The Agent Bank and The Principal Paying Agent* ".
Collection Account Bank	TSB Bank	Henry Duncan House 120 George Street Edinburgh EH2 4LH	N/A
Dematerialised Note Registrar	TSB Bank	Henry Duncan House 120 George Street Edinburgh EH2 4LH	Pursuant to the terms of the Agency Agreement, the Dematerialised Note Registrar will keep a register of Noteholders which records the identity of each Noteholder and the number of Notes which each Noteholder owns (the **Dematerialised Note Register**). See "*Summary of the Key Transaction*

Party	Name	Address	Relevant Appointment Document and Further Information
			Documents — Agency Agreement" and "*The Dematerialised Note Registrar*".
Joint Lead Manager	Banco de Sabadell S.A. (**Sabadell**)	Avenida Óscar Esplá, 37, 03007 Alicante, Spain	The Subscription Agreement. See ""*Subscription and Sale*" for further information.
Joint Lead Manager	BNP Paribas	16 boulevard des Italiens 75009 Paris, France	The Subscription Agreement. See "*Subscription and Sale*" for further information.
Joint Lead Manager	Banco Santander, S.A. (**Santander**)	Paseo de Pereda 9-12, 39004 Santander, Spain	The Subscription Agreement. See "*Subscription and Sale*" for further information.
Joint Lead Manager	Merril Lynch International (**BofA Securities**)	2 King Edward Street, London EC1A 1HQ	The Subscription Agreement. See "*Subscription and Sale*" for further information.
Arranger and **Joint Lead Manager**	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB	The Subscription Agreement. See "*Subscription and Sale*" for further information.

Portfolio and Servicing

Please refer to the sections entitled "*Summary of the Key Transaction Documents — Mortgage Sale Agreement*", "*The Loans*" and "*Characteristics of the Provisional Portfolio*" for further detail in respect of the characteristics of the Portfolio and the sale and servicing arrangements in respect of the Portfolio.

Sale of Portfolio

The primary source of funds available to the Issuer to pay interest and principal on the Notes will be the Revenue Receipts and Principal Receipts generated by the Loans in the Portfolio. Pursuant to the Mortgage Sale Agreement, the Seller will sell its interest in the Initial Portfolio of Loans (the **Initial Loans**) to the Issuer on the Closing Date and may on each Sale Date during the period from the Closing Date until (but excluding) the Revolving Period End Date (the **Revolving Period**) sell additional Loans comprising the relevant New Portfolio to the Issuer.

The sale by the Seller to the Issuer of (i) each Initial Loan in the Initial Portfolio, and (ii) each relevant new Loan in the relevant New Portfolio, in each case, secured by a mortgage (a **Mortgage**) over a Property located in England, Wales or Scotland, will be given effect by:

(a) with respect to Loans secured by a Mortgage over a Property located in England or Wales, an equitable assignment; and

(b) with respect to Loans secured by a Mortgage over a Property located in Scotland or where such Loans are otherwise governed by Scottish law, a Scottish declaration of trust (an **Initial Scottish Declaration of Trust** and, together with any other Scottish declarations of trust entered into pursuant to the Mortgage Sale Agreement, the **Scottish Declarations of Trust**).

The terms **sale**, **sell** and **sold** when used in this Prospectus in connection with the Loans and their Related Security shall be construed to mean each such equitable assignment and the creation of a beneficial interest under each such Scottish Declaration of Trust, as applicable. The terms **repurchase** and **repurchased** when used in this Prospectus in connection with the Loans and their Related Security shall be construed to include the repurchase of the beneficial interest of the Issuer in respect of such Loans and their Related Security under the relevant Scottish Declaration of Trust.

Prior to the occurrence of a Perfection Event (which includes a Seller Insolvency Event and certain other events described in "*— Perfection Events*" and "*Summary of the Key Transaction Documents — Mortgage Sale Agreement — Title to the Mortgages, Registration and Notifications*"), notice of the sale of the Initial Portfolio and any New Portfolio will not be given to the relevant borrowers (the **Borrowers**), and the Issuer will not apply to the Land Registry to register or record its equitable or beneficial interest in the English Mortgages or take any steps to complete or perfect its title to the Scottish Mortgages. See also "*Risk Factors — Risks related to the structure — Seller to Initially Retain Legal Title to the Loans*".

Relevant Dates

Business Day	a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.
Calculation Date	the date which occurs four Business Days prior to each Interest Payment Date.
Collection Period	each quarterly period commencing on and including the first day of January, April, July and October and ending on and including the next following Collection Period End Date except that the first Collection Period will commence on the Closing Date and end on and include the Collection Period End Date falling on 30 September 2024.
Collection Period End Date	the last day of the calendar quarter immediately preceding each Calculation Date.
Reference Date	29 February 2024
Revolving Period End Date	the earliest to occur of (i) the Interest Payment Date falling in October 2029, and (ii) the occurrence of a Revolving Period Termination Event.
Sale Date	each relevant Business Day on which new Loans are sold to the Issuer.
Advance Date	the date on which a relevant Further Advance is advanced to the relevant Borrower by the Seller.
Switch Date	the date on which a Product Switch is made.

Features of Loans

The **Portfolio** will consist of the Loans, the Related Security and all monies derived therefrom from time to time comprising the Initial Portfolio sold to the Issuer on the Closing Date and any New Portfolios sold to the Issuer from time to time on a Sale Date during the Revolving Period. Statistical information with respect to the Loans is presented in this Prospectus in relation to a **Provisional Portfolio**. The Initial Portfolio will be randomly selected from the Provisional Portfolio on the Closing Date. The Seller believes that the

information in this Prospectus with respect to the Provisional Portfolio is representative of the characteristics of the Loans comprising the Portfolio that will be randomly selected on the Closing Date, although the portfolio averages and numerical data relating to the distribution of the Loans may vary within a range of plus or minus 5 per cent. The aggregate outstanding Current Balance of the Loans sold to the Issuer on the Closing Date may, however, vary by more than plus or minus 5 per cent. from the aggregate outstanding Current Balance of the Loans in the Provisional Portfolio.

The term **Loans** when used in this Prospectus means the residential mortgage loans in the Initial Portfolio and in each New Portfolio (as defined in "*Summary of the Key Transaction Documents — Mortgage Sale Agreement — Further Advances* and *— Product Switches*") sold to the Issuer by the Seller after the Closing Date and any alteration to a Loan by the Seller pursuant to a Product Switch but excluding (for the avoidance of doubt) each Loan and its Related Security which is 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 is no longer beneficially owned by the Issuer.

The term **Property** when used in this Prospectus means (in England and Wales) a freehold or leasehold property or (in Scotland) a heritable property or property held under a long lease, which is, in each case, subject to a Mortgage.

The term **English Loan** when used in this Prospectus means a Loan secured by a first ranking legal charge over a freehold or leasehold Property located in England or Wales (an **English Mortgage**).

The term **Scottish Loan** when used in this Prospectus means a Loan secured by a first ranking standard security over a Property located in Scotland (a **Scottish Mortgage**).

The term **Related Security** when used in this Prospectus means in relation to a Loan, the security granted for the repayment of that Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto acquired as part of any Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement.

The term **Current Balance** of a Loan when used in this Prospectus, means, on any date, the aggregate balance of the Loan at such date (but avoiding double counting) including:

(i) the Initial Advance;

(ii) capitalised expenses;

(iii) capitalised interest; and

(iv) all expenses, charges, fees, premium or payment due and owing by the Borrower which have not yet been capitalised (including Accrued Interest, arrears of interest, high loan-to-value fees, insurance premiums, booking fees and valuation fees),

in each case relating to such Loan *less* all prepayments, repayments or payments of any of the foregoing made on or prior to such date and, in relation to the Portfolio, the aggregate of the Current Balances of each Loan in the Portfolio.

As at the Closing Date, the Loans in the Provisional Portfolio each had an original repayment term of up to 40 years (subject to certain limited

exceptions). No Loan will have a final repayment date beyond two years prior to the latest Final Legal Maturity Date for the Notes.

As at the Reference Date, the Provisional Portfolio consists of 4,601 Loans which form 3,669 Mortgage Accounts having an aggregate Current Balance of £634,459,640. A **Mortgage Account** refers to all Loans secured on the same Property and thereby forming a single mortgage account.

In relation to the Loans in the Provisional Portfolio, as at the Reference Date:

- the weighted average Original LTV of the Loans was 73.72 per cent.;
- the weighted average seasoning of the Loans was 28.19 months; and
- the Loans are secured by Mortgages over properties situated in England, Wales and Scotland.

As at the Reference Date, the Loans in the Provisional Portfolio will comprise:

(a) loans which are subject to variable rates of interest set by the Seller based on general interest rates and competitive forces in the UK mortgage market from time to time;

(b) loans which are subject to a fixed rate of interest; and

(c) loans which are subject to interest rates set at a margin above or below the Bank of England Base Rate from time to time.

See "*The Loans*" for a full description of the Loans.

Further Advances

The Seller shall be solely responsible for funding any Further Advance which is advanced to a Borrower. The Seller will have an obligation to repurchase on the relevant Advance Date, each Loan and its Related Security in respect of which a Further Advance has been made in accordance with the provisions of the Mortgage Sale Agreement. (See "*Repurchase by the Seller*" below for more details).

Neither the Servicer nor the Seller shall make an offer to a Borrower for a Further Advance if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities or if the Issuer would be required to be authorised under the FSMA to do so.

Product Switches

At any time prior to the redemption in whole of the Notes and subject to satisfaction of certain conditions, 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. The Seller may make a Product Switch if making such Product Switch is consistent with the Seller's Policy.

Any Loan which has been subject to a Product Switch will remain in the Portfolio (subject to a further Scottish Declaration of Trust being declared in respect of each Scottish Loan subject to a Product Switch, if required).

If, on a Monthly Test Date, the Seller (or the Servicer on behalf of the Seller) determines that a Product Switch made to a Borrower is a Non-Eligible Product Switch, then the relevant Loan and its Related Security must be repurchased by the Seller on any Business Day on or prior to the Monthly Pool Date immediately following such Monthly Test Date (following receipt by the

Seller of a Loan Repurchase Notice) at a repurchase price equal to the then Current Balance of the relevant Loan as at the date of such repurchase.

Product Switch means any variation in the financial terms and conditions applicable to a Loan other than any variation:

(i) agreed with a Borrower to control or manage arrears on the Loan;

(ii) imposed by statute;

(iii) in the rate of interest payable (including a switch between interest-only payments and repayment) to another rate of interest permitted under, or otherwise contemplated by, the relevant Mortgage Terms (including to a reversionary rate of the Seller); or

(iv) in the frequency with which the interest payable in respect of the Loan is charged.

Non-Eligible Product Switch means each Loan in respect of which a Product Switch is granted pursuant to which that Loan has been switched to an Interest-Only Loan (except as part of a forbearance measure).

See "*Summary of the Key Transaction Documents — Mortgage Sale Agreement — Further Advances* " and "*— Product Switches*".

Consideration

The Issuer will use the gross proceeds of the issue of the Notes to pay the Initial Consideration. The Initial Loans will be sold to the Issuer at a price equal to their Current Balance as at the close of business on the calendar day immediately preceding the Closing Date together with Deferred Consideration payable to the Seller from excess Available Revenue Receipts and Available Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments. See "*Use of Proceeds*".

From time to time, the Issuer will use amounts standing to the credit of the Principal Ledger of the Issuer Transaction Account and (if required) will draw an amount under the Subordinated Note to pay for New Portfolios (comprising new Loans, new Related Security and all amounts derived therefrom) purchased from the Seller on any Sale Date during the Revolving Period. The Issuer will also apply Available Principal Receipts in accordance with item (a)(iii) of the Pre-Enforcement Principal Priority of Payments to eliminate (to the extent possible) remaining New Portfolio Purchase Price Shortfall Amounts on the New Portfolio Purchase Price Ledger on any Interest Payment Date as at that Interest Payment Date.

Representations and Warranties

The Issuer will have the benefit of the Loan Warranties given by the Seller:

(i) as at the Closing Date in relation to the Loans and their Related Security in the Initial Portfolio;

(ii) on the relevant Sale Date in relation to the new Loans and their Related Security in any New Portfolio except with respect to the Loan Warranty referring to concentration criteria, whereby such Loan Warranty will be given as at the last day of the month in which the relevant Sale Date occurs; and

(iii) on the relevant Switch Date in relation to Loans subject to a Product Switch and their Related Security,

including, in each case, warranties in relation to compliance with the lending criteria of the Seller (the **Lending Criteria**) as it applied at the date of origination of the relevant Loans or as at the relevant Switch Date, as the case may be.

It should be noted that the Seller may vary the Lending Criteria from time to time in accordance with the standards of a reasonably prudent residential mortgage lender lending to borrowers in England, Wales or Scotland who generally satisfy the lending criteria of traditional sources of residential mortgage capital (a **Reasonable Prudent Mortgage Lender**). The Rating Agencies will be notified of any amendment to the Loan Warranties.

Repurchase of the Loans and Related Security

The Seller will be required to repurchase any Loan (including any Loan subject to a Product Switch) sold to the Issuer pursuant to the Mortgage Sale Agreement if:

- any Loan Warranty made by the Seller in relation to that Loan or its Related Security is breached or proves to be untrue as at the Closing Date or, with respect to a New Portfolio, as at the relevant Sale Date, and that breach or untruth might have a material adverse effect on the value of the relevant Loan and has not been remedied within 20 Business Days of receipt of notice from the Issuer;

- following the sale of a New Portfolio to the Issuer, it is subsequently determined on the Monthly Test Date in the Monthly Period immediately after the relevant Sale Date that the Seller had not satisfied the relevant New Portfolio Conditions on the relevant Sale Date;

- the Issuer is unable to fund the purchase of a New Portfolio from funds standing to the credit of the New Portfolio Purchase Price Ledger (following the application of the Pre-Enforcement Principal Priority of Payments on an Interest Payment Date and any Further Subordinated Note Funding to meet the relevant New Portfolio Purchase Price Shortfall Amount as at that Interest Payment Date);

- a Further Advance is made in respect of such Loan and its Related Security;

- the Servicer determines on a Monthly Test Date that there is a breach of any of the Loan Warranties pursuant to paragraph (iii) in "*Representations and Warranties*" above with respect to any Product Switch made in the preceding Monthly Period; or

- a Product Switch is made to a Borrower which is a Non-Eligible Product Switch.

In addition, the Seller may, but will not be required to, repurchase any Loan (including any Loan subject to a Product Switch) sold to the Issuer pursuant to the Mortgage Sale Agreement which is (i) not of a type described in Article 13 (Level 2B securitisations) of the UK LCR Regulation or (ii) not compliant with Article 19, 20, 21 or 22 of the UK Securitisation Regulation or Article 243 of the UK CRR and/or in accordance with any official guidance issued in relation thereto (each a **Non-Compliant Loan**).

Consideration for Repurchase

The amount payable by the Seller in respect of the repurchase of any Loan and its Related Security shall be equal to the Current Balance of such Loan calculated on the relevant repurchase date.

Perfection Events

The sale of Loans from the Seller to the Issuer will take effect in equity or beneficially only; provided, that, the Issuer will be entitled to effect legal transfer of the Loans by making the required registrations and serving notice on the Borrowers upon the occurrence of any of the following **Perfection Events**:

(a) the Seller being required to perfect transfer of legal title to the Loans and their Related Security (i) by an order of a court of competent jurisdiction or (ii) by any regulatory authority of which the Seller is a member and/or with whose instructions the Seller is required to comply; or

(b) it becoming necessary by law to perfect legal title to the Loans and/or their Related Security; or

(c) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or

(d) the property, assets and rights of the Issuer comprised in the security constituted by the Deed of Charge being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding to take action to reduce that jeopardy; or

(e) a Seller Insolvency Event; or

(f) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if such breach, where capable of remedy, is not remedied to the reasonable satisfaction of (prior to the delivery of a Note Acceleration Notice) the Issuer or (after the delivery of a Note Acceleration Notice) the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days, provided that (A) this paragraph (f) shall not apply to the extent that none of the Notes satisfy the UK STS Requirements prior to the occurrence of any such breach; and (B) this paragraph shall be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such provision does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation) in respect of any Notes which are intended to satisfy the UK STS Requirements.

Prior to the completion of the transfer of legal title to the relevant Loans and Related Security, the Issuer will hold only the equitable title to those Loans or, in relation to any Scottish loans and their Related Security, beneficial title to those Loans pursuant to a Scottish Declaration of Trust and will therefore be subject to certain risks as set out under "*Risk Factors — Risks related to the structure — Seller to Initially Retain Legal Title to the Loans*".

Servicing of the Portfolio

Pursuant to the Servicing Agreement, the Servicer will agree to service the Loans and their Related Security on behalf of the Issuer (or, while the Loans are held under any Scottish Declarations of Trust, the Servicer will agree to service such Loans on behalf of the Seller in its capacity as trustee thereunder acting upon the instruction of the Issuer in its capacity as beneficiary thereunder) (such services, *inter alia*, the **Services**).

The Issuer will, on each Interest Payment Date, pay to the Servicer a servicing fee (inclusive of amounts in respect of VAT) (the **Servicing Fee**) totalling 0.10 per cent. per annum on the aggregate Current Balance of all Loans in the

Portfolio as determined as at the close of business on the last day of the immediately preceding Interest Period (or, with respect to the first Interest Payment Date, the close of business on the calendar day prior to the Closing Date). In the event that the Servicer is replaced or succeeded by an entity in accordance with the terms of the Servicing Agreement, the Servicing Fee to be paid to such replacement or successor servicer will be such fee as is agreed between the Issuer, the Security Trustee and such replacement or successor servicer. The Servicing Fee will rank ahead of all payments on the Notes.

See "*Summary of the Key Transaction Documents — Servicing Agreement*" below.

Overview of the Terms and Conditions of the Notes

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

Only the Class A Notes are being listed under this Prospectus. Information on the Subordinated Note is included herein for completeness.

Full Capital Structure of the Notes

	Class A Notes	Subordinated Note
Currency	GBP	GBP
Initial Principal Amount	£500,000,000	£61,798,000
Note Credit Enhancement and Liquidity Support	Subordination of the Subordinated Note Liquidity Reserve Fund, as funded by the proceeds of the Start-Up Loan on the Closing Date and as supplemented on each Interest Payment Date, as required in accordance with the Pre-Enforcement Revenue Priority of Payments The application in certain circumstances of Principal Receipts to provide for certain Revenue Deficiency in the Available Revenue Receipts Excess Available Revenue Receipts	Excess Available Revenue Receipts
Issue Price	100 per cent.	Not Applicable
Interest Reference Rate	Compounded Daily SONIA	Not Applicable
Relevant Margin	Prior to the Step-Up Date, 0.55 per cent. per annum and from the Step-Up Date, 1.1 per cent. per annum	Not Applicable
Step-Up Date	The Interest Payment Date falling in October 2029	Not Applicable
Final Legal Maturity Date	The Interest Payment Date falling in July 2071	The Interest Payment Date falling in July 2071
Interest Accrual Method	Actual/365	Actual/365
Interest Determination Date	The fifth Business Day prior to each Interest Payment Date	The fifth Business Day prior to each Interest Payment Date
Interest Payment Dates	Quarterly in arrear on the 22nd day of January, April, July and October of each year	Quarterly in arrear on the 22nd day of January, April, July and October of each year
First Interest Payment Date	22nd October 2024	22nd October 2024
Pre-Enforcement Redemption Profile	Controlled amortisation (prior to the Revolving Period End Date) and Pass-through redemption (following the end of the Revolving Period End Date)	Pass-through redemption (following the Revolving Period End Date)
Post-Enforcement Redemption Profile	Pass-through redemption	Pass-through redemption

Full Capital Structure of the Notes

	Class A Notes	Subordinated Note
Step-Up Call	The Step-Up Date and each Interest Payment Date thereafter	The Step-Up Date and each Interest Payment Date thereafter
Other Early Redemption in Full Event	See Conditions 7.3 (*Optional Redemption of the Class A Notes*) and 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*)	See Conditions 7.3 (*Optional Redemption of the Class A Notes*) and 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*)
Form of Notes	Bearer	De-materialised Registered
Application for Listing	London Stock Exchange	The Subordinated Note will not be listed
ISIN	XS2793346391	Not Applicable
Common Code	279334639	Not Applicable
CFI	DAVXFB	Not Applicable
FISN	DUNCAN FUNDING/VARASST BKD 20710731	Not Applicable
Clearance Settlement	Euroclear/ Clearstream, Luxembourg	Not Applicable
Minimum Denomination	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
Selling Restriction	Regulation S	Regulation S
Ratings (Moody's / Fitch)	Aaa (sf) / AAA sf	Not Rated
Governing law of the Notes	English	English
Eurosystem eligibility	The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that such Notes are intended upon issue to be held by the Common Safekeeper in custody for Euroclear and Clearstream, Luxembourg and does not necessarily mean that such Notes will be recognised as eligible collateral for Eurosystem monetary and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.	

Ranking and Form of the Notes

The Issuer will issue the following classes of Notes on the Closing Date under the Trust Deed:

- Class A Asset-Backed Floating Rate Notes due 22 July 2071 (the **Class A Notes**; and
- Subordinated Fixed Rate Note due 22 July 2071 (the **Subordinated Note**) and, together with the Class A Notes, the **Notes** and the holders thereof, the **Noteholders**).

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 Subordinated Note, in accordance with the Pre-Enforcement Priority of Payments.

Priority of Principal Payments: Payments of principal on the Class A Notes will rank at all times in priority to payments of principal on the Subordinated Note, in accordance with the relevant Priority of Payments.

During the Revolving Period but prior to the service of a Note Acceleration Notice:

- principal payments on the Class A Notes will reduce the Principal Amount Outstanding of the Class A Notes to the relevant Class A Target Amortisation Amount; and

- there shall be no repayment of principal on the Subordinated Note,

in each case, in accordance with the Pre-Enforcement Priority of Payments.

Class A Target Amortisation Amount means, with respect to each Interest Payment Date, the target principal balance set forth beside such Interest Payment Date in the following table under the heading "**Class A Target Principal Amount**":

Interest Payment Date falling in	Class A Target Principal Amount (£)
October 2024	495,000,000
January 2025	490,000,000
April 2025	485,000,000
July 2025	480,000,000
October 2025	475,000,000
January 2026	470,000,000
April 2026	457,000,000
July 2026	444,000,000
October 2026	431,000,000
January 2027	418,000,000
April 2027	405,000,000
July 2027	392,000,000
October 2027	379,000,000
January 2028	366,000,000
April 2028	359,500,000
July 2028	353,000,000
October 2028	346,500,000
January 2029	340,000,000
April 2029	333,500,000
July 2029	327,000,000

Pursuant to the Deed of Charge, the Notes will all share the same Security. Certain other amounts, being the amounts owing to the other Secured Creditors, will also be secured by the Security. Certain amounts due by the Issuer to its other Secured Creditors will rank in priority to amounts due in respect of the Notes.

Security

The Issuer will enter into the Deed of Charge on the Closing Date with, *inter alios*, the Security Trustee pursuant to which the Issuer will grant security over all of its assets in favour of the Security Trustee, to secure its obligations to the Secured Creditors, including the Noteholders. See "*Summary of the Key Transaction Documents — Deed of Charge*" below.

The Notes will be secured by, *inter alia,* the following security (the **Security**):

(a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in and to the Transaction Documents (other than the Trust Deed, the Deed of Charge, any Scottish Declaration of Trust, any Scottish Sub-Security and any Scottish Supplemental Charge);

(b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's interest in the English Loans, the English Mortgages and their other Related Security and other related rights comprised in the Portfolio;

(c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies sold to the Issuer pursuant to the Mortgage Sale Agreement;

(d) (i) an assignation in security of the Issuer's beneficial interest in the Scottish Loans comprised in the Initial Loans and their Related Security (comprising the Issuer's beneficial interest under the trusts declared by the Seller over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Initial Scottish Declaration of Trust) and (ii) thereafter an assignation in security of the Issuer's beneficial interest under all subsequent trusts declared by the Seller over Scottish Loans and their Related Security for the benefit of the Issuer pursuant to any Scottish Declarations of Trust other than the Initial Scottish Declaration of Trust (each a **Scottish Supplemental Charge**);

(e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in the Bank Accounts maintained with the Issuer Account Bank and the Custodian and any other account of the Issuer, and any sums standing to the credit thereof;

(f) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer; and

(g) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge but extending over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scottish law (whether or not the subject of fixed charges as aforesaid).

See "*Summary of the Key Transaction Documents — Deed of Charge"*.

Interest Provisions

The interest rate applicable to the Class A Note, will be determined by reference to Compounded Daily SONIA *plus*, a margin Compounded Daily SONIA will be determined on the relevant Interest Determination Date. The rate of interest payable in respect of the Subordinated Note is a fixed rate of 0.0 per cent per annum for any Interest Period.

The Relevant Margin applicable to the Class A Notes and the Interest Periods for which such Relevant Margin and Rate of Interest apply, as applicable, will be as set out on the cover and in "*— Overview of the Terms and Conditions of the Notes*" above. In addition, the Relevant Margin applicable to the Class A Notes may increase on, the Step-Up Date as set forth on the cover and in "*— Overview of the Terms and Conditions of the Notes*" above.

Interest is payable in respect of the Notes in Sterling. In respect of each class of Notes, interest is payable quarterly in arrear on the 22nd day of January, April, July and October, in each year, or, if such day is not a Business Day, on the immediately succeeding Business Day (each such

date being an **Interest Payment Date**). Accrued interest will also be paid on the date of any optional redemption in respect of such Notes. The first Interest Payment Date will be 22nd October 2024.

An **Interest Period** means in the case of the Notes, 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.

An **Interest Determination Date** means the fifth Business Day before the Interest Payment Date for which the rate will apply.

Interest Deferral

Interest due and payable on the Class A Notes will not be deferred. Failure to pay interest on the Class A Notes within any applicable grace period in accordance with the Conditions shall constitute a Senior Note Event of Default which may result in the Note Trustee serving a Note Acceleration Notice on the Issuer and directing the Security Trustee to enforce the Security. Failure to meet a Class A Target Amortisation Amount does not constitute an Event of Default.

Subject as set out below, interest due and payable in respect of the Subordinated Note may be deferred in accordance with Condition 16 (*Subordination by Deferral*).

Subordinated Note

The Issuer will issue the Subordinated Note on the Closing Date with an initial Principal Amount Outstanding of £61,798,000.

Increases in the Principal Amount Outstanding of the Subordinated Note will be funded by the Subordinated Noteholder at the request of the Cash Manager (on behalf of the Issuer) (with notice to the Note Trustee). The Subordinated Noteholder may in its sole discretion agree to such a request. The proceeds of a drawing under the Subordinated Note (a **Subordinated Note Drawing**) shall, at the sole discretion of the Subordinated Noteholder be credited to the Subordinated Note Ledger and shall be used by the Issuer (or the Cash Manager on the Issuer's behalf) to supplement the New Portfolio Purchase Price Ledger to meet any New Portfolio Purchase Price Shortfall Amounts or any Class A Shortfall Amounts on any Interest Payment Date at the sole discretion of the Subordinated Noteholder. See "*Summary of the Key Transaction Documents — Trust Deed*" for more information.

Withholding Tax

Payments of interest and principal with respect to the Notes will be subject to any applicable withholding or deduction for or on account of any taxes which is required by law and none of the Issuer, any Paying Agent or any other person will be obliged to pay additional amounts to Noteholders in respect of any such withholding or deduction.

Mandatory Redemption

The Notes are subject to the following mandatory redemption events:

(a) each Class of Notes shall be redeemed at their then Principal Amount Outstanding together with all accrued interest on the Final Legal Maturity Date in respect of such Class of Notes; and

(b) on each Interest Payment Date prior to the occurrence of the Revolving Period End Date, the Issuer shall repay principal in respect of the Class A Notes by applying the Available Principal Receipts available to it on such Interest Payment Date in accordance with and subject to paragraph (a) of the Pre-Enforcement Principal Priority of Payments, provided that, the Issuer shall pay an amount equal to the lesser of:

1. the amount required to reduce the Principal Amount Outstanding of the Class A Notes to the Class A Target Amortisation Amount for that Interest Payment Date; and

2. the amount of such Available Principal Receipts remaining to be applied under the Pre-Enforcement Principal Priority of Payments after payment pursuant to paragraphs (a)(i) thereunder.

Prior to the occurrence of the Revolving Period End Date, there shall be no repayment of principal on the Subordinated Note.

On each Interest Payment Date after the Revolving Period End Date and prior to the delivery of a Note Acceleration Notice, the Issuer is required to apply an amount equal to the Available Principal Receipts which is available for such purpose in accordance with the Pre-Enforcement Principal Priority of Payments in and towards redemption of the Notes.

Optional Redemption for Tax or Other Reasons

Subject to the Conditions, if by reason of a change in tax law affecting the Notes which becomes effective on or after the Closing Date, the Issuer or the Paying Agents would be required (on the next Interest Payment Date) to make a deduction or withholding for or on account of tax from any payment in respect of the Notes, in accordance with Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), the Issuer shall take reasonable measures available to it to avoid such deduction or withholding for or on account of tax from any payment in respect of the Notes.

If the Issuer satisfies the Note Trustee that such obligation to deduct or withhold from any payment of principal or interest or any other amount under such Notes cannot be avoided by the Issuer taking reasonable measures available to it then the Issuer may, on any Interest Payment Date and having given not less than 30 calendar days' notice (or such shorter period as the Controlling Class may agree in its sole discretion) in accordance with Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) of the Notes redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with any accrued interest thereon. See Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*).

Redemption of Class A Notes at the option of the Issuer (Optional Redemption Date)

The Issuer may, at its option, redeem the Class A Notes in whole or in part on (A) the Interest Payment Date falling in October 2029 (the **Step-Up Date**) or any Interest Payment Date thereafter or (B) any Interest Payment Date on which the aggregate Principal Amount Outstanding of all the Class A Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date (the **Optional Redemption Date**) subject to the Issuer (or the Cash Manager on its behalf) providing notice in writing to the Noteholders, the Note Trustee, the Cash Manager, the Interest Rate Swap Provider and the Back-up Swap Provider not more than 30 nor less than 10 calendar days prior to the Optional Redemption Date on which such optional repayment is to occur (which notice shall be irrevocable and shall oblige the Issuer to make a repayment on such Optional Redemption Date in the amount specified in such notice plus accrued interest to that date). Such Optional Redemption Repayment Amount shall be paid directly to, *inter alios*, the Noteholders on the relevant date of redemption in accordance with the relevant Conditions. See Condition 7.3(a) (*Optional Redemption of the Class A Notes*).

Controlling Class	The **Controlling Class** means the Class A Notes so long as any Class A Notes are outstanding, after the Class A Notes have been repaid in full, the Subordinated Note.
Start-Up Loan	The Issuer will enter into the Start-Up Loan Agreement on the Closing Date with the Start-Up Loan Provider, pursuant to which the Start-Up Loan Provider will advance a loan (the **Start-Up Loan**) to the Issuer on the Closing Date (a) to pay for certain of the Issuer's initial fees and expenses incurred in connection with the issue of the Notes and (b) to establish the Liquidity Reserve Fund in an amount equal to the Initial Liquidity Reserve Fund Required Amount. The **Initial Liquidity Reserve Fund Required Amount** means an amount equal to £5,000,000 (being an amount equal to 1 per cent. of the Sterling equivalent of the Principal Amount Outstanding of the Class A Notes as at the Closing Date). Following the Closing Date, the Cash Manager (on behalf of the Issuer) may deliver to the Start-Up Loan Provider a further drawdown notice (the **Start-Up Loan Post Closing Drawdown Notice**) requesting the drawing of a further advance under the Start-Up Loan, of such further amount as the Cash Manager determines to be necessary to ensure that the Liquidity Reserve Fund is funded up to the Liquidity Reserve Fund Required Amount. The Start-Up Loan Provider may also provide an additional advance under the start-up loan upon request to supplement Available Revenue Receipts to be applied under the Pre-Enforcement Revenue Priority of Payments on an Interest Payment Date. The **Liquidity Reserve Fund Required Amount** means, on any Interest Payment Date, an amount equal to 1 per cent. of the Principal Amount Outstanding of the Class A Notes on such Interest Payment Date.
Expected Average Lives of the Notes	The actual average lives of the Notes cannot be stated, as the actual rate of repayment of the Loans and redemption of the Loans and a number of other relevant factors are unknown. See "*Weighted Average Lives of the Class A Notes*".
Senior Note Event of Default	Upon the occurrence of any of the events set out in Condition 10.1 (*Class A Notes*), the Note Trustee at its absolute discretion may, or if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Controlling Class then outstanding or if so directed by an Extraordinary Resolution of the Controlling Class shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a **Note Acceleration Notice**) to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed.
Subordinated Note Event of Default	Upon the occurrence of any of the events set out in Condition 10.2 (*Subordinated Note*) the Note Trustee if so directed in writing by the sole Subordinated Noteholder shall (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction), give notice to the Issuer that the Subordinated Note is immediately due and repayable at its Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed. A Subordinated Note Event of Default shall not occur for so long as any Class A Notes remain outstanding.

Event of Default

Means a Senior Note Event of Default or a Subordinated Note Event of Default, as applicable.

Enforcement

The Security Trustee shall, subject to the terms of the Deed of Charge institute such proceedings as it may be instructed by the Note Trustee, acting on the written instructions of the Controlling Class (or, following the redemption in full of the Class A Notes, the Subordinated Noteholder) to enforce its rights under the Deed of Charge in respect of the Notes and under the other Transaction Documents, but it shall not be bound to do so unless it shall have been indemnified and/or pre-funded and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

Liability and **Liabilities** means, in respect of any person, any loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability including, but without limitation, legal costs and expenses properly incurred (including, in each case, irrecoverable VAT in respect thereof).

Enforcement Event

The service of a Note Acceleration Notice by the Note Trustee (which has not been revoked) on the Issuer (or the Cash Manager on its behalf).

Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders and other Secured Creditors are limited in recourse to the property, assets and undertakings of the Issuer which are the subject of any security created under the Deed of Charge (the **Charged Assets**). If:

(i) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;

(ii) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and

(iii) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal, premium (if any) and interest) and other Secured Obligations,

then the Noteholders and other Secured Creditors shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Secured Obligations means any and all of the monies and liabilities which the Issuer covenants to pay or discharge under Clause 2 (*Issuer's covenant to pay*) of the Deed of Charge and all other amounts owed by it to the Secured Creditors under and pursuant to the Transaction Documents.

Governing Law

English law (other than any terms of the Transaction Documents which are particular to Scottish law which will be construed in accordance with Scottish law).

Rights of Noteholders and Relationship with other Secured Creditors

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

Prior to an Event of Default

At any time, Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes of any Class then outstanding are entitled to request that the Note Trustee (subject to it being indemnified and/or prefunded and/or secured to its satisfaction) convene a Noteholders' meeting or participate in a Noteholders' meeting convened by the Issuer or the Note Trustee to consider any matter affecting their interests (as set out in "— *Noteholders' Meeting Provisions*" below).

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 Note Trustee, without 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, Noteholders may, if they hold not less than 25 per cent. of the Principal Amount Outstanding of the Controlling Class or if they pass an Extraordinary Resolution, direct the Note Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) to give a Note Acceleration 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:	At least 21 clear days (and no more than 365 calendar days) for an initial meeting.	At least 10 clear days (and no more than 365 calendar days) for an adjourned meeting.
Quorum:	For an initial meeting, 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding for all Ordinary Resolutions; 50 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes for an Extraordinary Resolution (other than a Basic Terms Modification, which requires 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding).	Any percentage holding for an adjourned meeting (other than a Basic Terms Modification, which requires 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding).
Required Majority:	For initial meetings, 50 per cent. of votes cast for matters requiring Ordinary Resolution and 75 per cent. of votes cast for matters requiring Extraordinary	For adjourned meetings, 50 per cent. of votes cast for matters requiring Ordinary Resolution and 75 per cent. of votes cast for matters requiring Extraordinary

Resolution (including a Basic Terms Modification). Resolution (including a Basic Terms Modification).

Written Resolution: 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding. A Written Resolution has the same effect as an Extraordinary Resolution.

Time and Place: Every such meeting shall be held at such time and place as the Note Trustee may appoint or approve, provided that the place shall be a location in the United Kingdom (or, if applicable, the European Union).

Extraordinary Resolution means:

(a) a resolution passed at a meeting of the relevant Noteholders duly convened and held in accordance with the Trust Deed and the Conditions by a majority consisting of not less than three-quarters of the votes cast; or

(b) (i) a resolution in writing signed by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of any Class of the Notes then outstanding 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 Noteholders of such Class or (ii) where the Notes are held on behalf of a clearing system or clearing systems, approval of a resolution given by way of electronic consents communicated through the electronic communication systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than three-quarters in aggregate Principal Amount Outstanding of the Notes then outstanding.

Ordinary Resolution means:

(a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and the Conditions by a simple majority of the votes cast; or

(b) a resolution in writing signed by or on behalf of the Noteholders of not less than a simple majority in aggregate Principal Amount Outstanding of the relevant Class or Classes 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 Noteholders;

Matters Requiring Extraordinary Resolution

Matters requiring an Extraordinary Resolution include:

(a) to sanction any compromise or arrangement proposed to be made between the Issuer, any other party to any Transaction Document, the Note Trustee, the Security Trustee, any Appointee and the Noteholders or any of them;

(b) to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Note Trustee, the Security Trustee, any Appointee, the Noteholders, the Issuer or any other party to any Transaction Document against any other or others of them or against any of their property whether such rights

arise under the Trust Deed, any other Transaction Document or otherwise;

(c) to approve or assent to any modification of the provisions contained in the Notes, the Conditions, the Trust Deed or any other Transaction Document or to direct the Note Trustee to concur in any proposal or to make any determination (or to restrict the Security Trustee to do so) under the Transaction Documents;

(d) to give any other authorisation or approval which under the Trust Deed, the Notes or any other Transaction Document is required to be given by Extraordinary Resolution;

(e) to appoint any person (whether a Noteholder or not) to form a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any power or discretion which the Noteholders could themselves exercise by Extraordinary Resolution;

(f) to approve of a person to be appointed as a trustee and power to remove any trustee for the time being under the Trust Deed, subject to and in accordance with clauses 28 (New Trustee) and 31 (Note Trustee's Retirement and Removal) of the Trust Deed;

(g) to discharge or exonerate the Note Trustee, the Security Trustee and/or any Appointee from any Liability in respect of any act or omission for which it may have become or may become responsible under the Trust Deed or the Notes;

(h) to authorise the Note Trustee, the Security Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution, subject to it being indemnified and/or secured and/or prefunded to its satisfaction;

(i) to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;

(j) to approve the substitution of any person for the Issuer as principal obligor under the Notes;

(k) to remove the Note Trustee and/or the Security Trustee;

(l) to approve the appointment of a new Note Trustee and/or Security Trustee;

(m) to waive any breach or authorise any proposed breach by the Issuer of its obligations under the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default under the Notes;

(n) to approve any Basic Terms Modification; and

(o) to authorise the Note Trustee to consent to a transfer of the Subordinated Note.

See Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) in the Conditions for more information.

Basic Terms Modification

Each of the following matters shall only be capable of being effected after having been approved by Extraordinary Resolution, namely to:

(a) sanction a modification of the date of maturity of any Notes;

(b) sanction a modification of the date of payment of principal or interest in respect of the Notes or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes;

(c) sanction a modification of the amount of principal payable, the rate of interest, any fee or margin due in respect of the Notes;

(d) sanction a modification of the method of calculating the amount payable in respect of the Notes on final redemption or Final Legal Maturity Date;

(e) release or substitute the Security or any part thereof except in accordance with the Transaction Documents;

(f) except where provided for in the Transaction Documents, to sanction any exchange, conversion or substitution of the Notes;

(g) alter the currency in which payments under the Notes are to be made;

(h) alter the Priorities of Payments in relation to the Notes;

(i) sanction any scheme or proposal or substitution for the sale, conversion or cancellation of the Notes;

(j) alter the quorum required at any meeting of the Noteholders or the majority required to pass an Extraordinary Resolution; or

(k) alter any of the provisions contained in this exception,

(each a **Basic Terms Modification** provided however for the purposes of this definition, any Base Rate Modification or Swap Rate Modification shall not constitute a Basic Terms Modification).

Relationship between Classes of Noteholders

A Basic Terms Modification requires an Extraordinary Resolution of the relevant affected Class or Classes of Notes.

If there is a conflict (in the opinion of the Note Trustee) between the interests of the holders of different Classes of Notes, the Note Trustee is obliged to give priority to the interests of the Class A Noteholders until the Class A Notes are redeemed in full, then to the Subordinated Noteholder until the Subordinated Note is redeemed in full.

Relationship between Noteholders and other Secured Creditors

So long as the Notes are outstanding, the Security Trustee will have regard solely to the interests of the Noteholders and shall not have regard to the interests of any other Secured Creditor.

Provision of Information to Noteholders

For the purposes of Articles 7(2) and 22(5) of the UK Securitisation Regulation, the Seller as originator is the entity responsible for fulfilling the information requirements of Article 7 of the UK Securitisation Regulation and will either fulfil such reporting requirements itself or shall procure that such requirements are fulfilled.

Prior to the pricing of the Notes (to the extent required pursuant to Article 22(5) of the UK Securitisation Regulation) and, thereafter, for so long as the Notes remain outstanding, the Cash Manager on behalf of the Issuer and the Seller will publish (i) (1) a quarterly loan-level data report using the Bank of England Loan Level Data Reporting Template within one month of each Interest Payment Date (the **Bank of England Quarterly Report** and (2) a quarterly investor report detailing, *inter alia*, certain loan data in relation to the Portfolio in respect of the relevant collection period as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards within one month of each Interest Payment Date (the **UK Investor Report**), and (ii) upon request and/ or to the extent required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (including the standardised templates adopted by the FCA which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements (the **UK Disclosure Templates**)), certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period (**UK Loan Level Information**), simultaneously with the UK Investor Report (to the extent required under Article 7(1) of the UK Securitisation Regulation and the UK Article 7 Technical Standards) ((i) and (ii) above the **UK Reporting Requirements**)

The Cash Manager shall, on behalf of the Issuer and the Seller, publish a cash flow model (the **Cash Flow Model**), either directly or indirectly through one or more entities which provide such Cash Flow Models, which 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 (i) prior to pricing of the Notes (to the extent required pursuant to Article 22(3) of the UK Securitisation Regulation and Article 22(3) of the EU Securitisation Regulation but solely in the case of the EU Securitisation Regulation as such articles and are interpreted and applied on the Closing Date to potential investors, and (ii) from the Closing Date until the date the last Note is redeemed in full on an on-going basis (within one month of each Interest Payment Date) and to investors in the Notes and to potential investors in the Notes upon request.

In addition, the Seller has agreed to comply with the EU Reporting Requirements (defined below) pursuant to the Transaction Documents and for so long as the Notes are outstanding, the Cash Manager on behalf of the Issuer and the Seller will publish (i) a quarterly investor report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio in respect of the relevant collection period as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as if the EU Reporting Requirements were applicable to it) and the EU Article 7 Technical Standards (including the standardised templates adopted by the ESMA which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements (the **EU Disclosure Templates**)) not taking into account any relevant national measures, but solely in the case of the EU Securitisation Regulation as such articles and technical standards are interpreted and applied on the Closing Date, provided that on and from the applicable SR Equivalency Date references to, and obligations in respect of, the EU Securitisation Regulation and the EU Article 7 Technical Standards shall not apply (the

EU Investor Report and together with the UK Investor Report and the Bank of England Quarterly Report, the **Quarterly Reports**) and (ii) upon request and/or to the extent required and in accordance with Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to the Seller), on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period (the **EU Loan Level Information**) together with the UK Loan Level Information the **Loan Level Information,** simultaneously with the EU Investor Report (to the extent required under Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards but solely in the case of the EU Securitisation Regulation as such articles and technical standards are interpreted and applied on the Closing Date ((i) and (ii) above, the **EU Reporting Requirements**) .

If, following the Closing Date, there are amendments or changes to the EU Reporting Requirements and TSB Bank is or would be unable to comply with the EU Reporting requirements (as if the EU Reporting Requirements were applicable to it) following such amendments or changes coming into effect, the Seller may elect not to comply with the EU Reporting Requirements as so amended or changed. In the event the Seller is unable to comply with any EU Reporting Requirements in effect following any such amendments or changes, the Cash Manager shall, without delay, procure the publication of an inside information and significant event report in accordance with Article 7(1)(g) of the UK Securitisation Regulation and Article 7(1)(f) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to the Seller and the Issuer) notifying that TSB Bank shall no longer comply with the EU Reporting Requirements.

Each Quarterly Report and Loan Level Information will be published: (a) in accordance with Article 10 of the UK Securitisation Regulation, on a securitisation repository at https://www.euroabs.com/IH.aspx?d=22351; or (b) in accordance with Article 10 of the EU Securitisation Regulation on a website of EuroABS at https://www.euroabs.com/ IH.aspx?d=22351 or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller) respectively (such websites being, together, the **Reporting Websites**), and the Cash Flow Model will be published by means of the website of EuroABS at https://www.euroabs.com/IH.aspx?d=22351. None of the reports or the websites or the contents thereof form part of this Prospectus.

Communication with Noteholders

Other than with respect to the Quarterly Reports and UK Loan Level Information and the Cash Flow Model referenced under "*Provision of Information to Noteholders* " above, any notice to be given by the Issuer or the Note Trustee to Noteholders shall be validly given if such notice, for so long as the Notes are held in the Clearing Systems, is delivered to the relevant Clearing System for communication by it to Noteholders; or for so long as the Notes are listed on a recognised stock exchange, is delivered in accordance with the notice requirements of that exchange. Any such notice shall be deemed to have been given to the Noteholders on the same day that such notice was delivered to the applicable Clearing System.

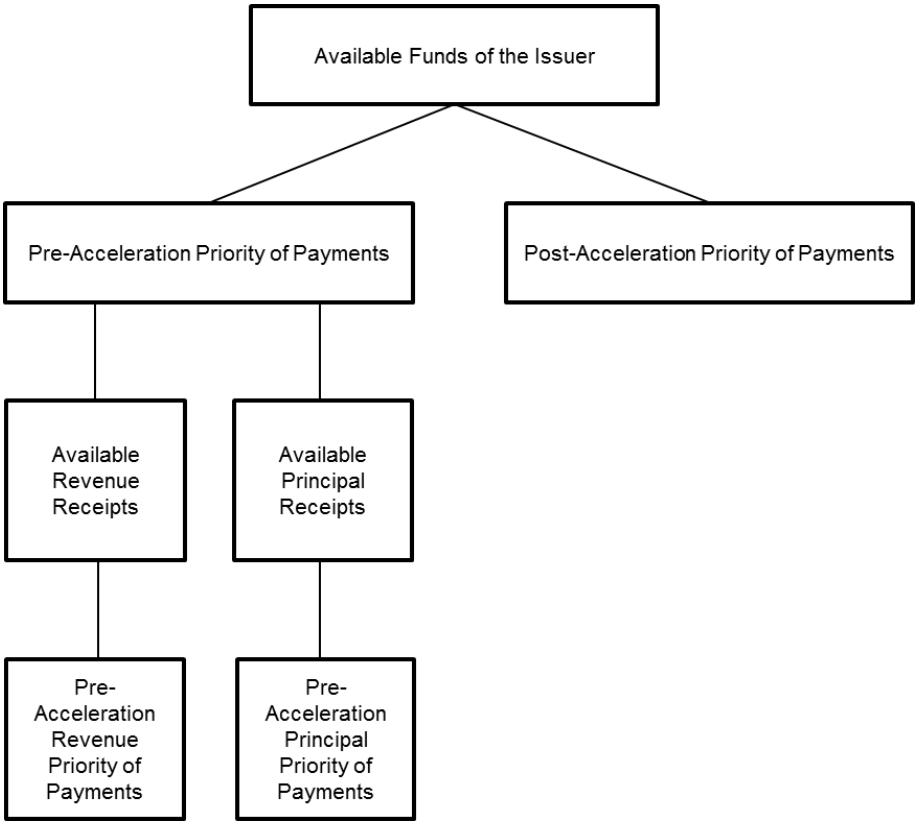
The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and

provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

Notices to the Subordinated Noteholder will be sent to it by the Issuer to the email address notified to the Issuer from time to time in writing.

See Condition 15 (*Notice to Noteholders*) in the Conditions for more detail.

Credit Structure and Cashflow



Please refer to sections entitled "*Credit Structure*" and "*Cashflow"* for further detail in respect of the credit structure and cash flow of the transaction.

Available Funds of the Issuer

The Issuer will have Available Revenue Receipts and Available Principal Receipts for the purposes of making interest and principal payments under the Notes and the other Transaction Documents.

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 or, if in a Determination Period, Calculated Revenue Receipts, in each case, excluding any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;

(b) interest payable to the Issuer on the Bank Accounts (other than the Swap Collateral Accounts, in respect of which any interest payable to the Issuer shall constitute Swap Collateral) and income from any Authorised Investments, in each case, during the immediately preceding Collection Period, which have been received by the Issuer;

(c) amounts received by the Issuer under the Swap Agreements (other than: (i) any early termination amount received by the Issuer under a Swap Agreement which is to be applied in acquiring a replacement swap or paying any Back-up Swap Activation Upfront Amount due and payable by the Issuer; (ii) Excess Swap Collateral or Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Swap Agreement to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of the Interest Rate Swap or the Back-up Swap, as applicable, under the relevant Swap Agreement, and, to the extent so applied, in reduction of the amount otherwise payable by the relevant Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap or paying any Back-up Swap Activation Upfront Amount due and payable by the Issuer in which case such amounts will be included in Available Revenue Receipts); (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to a Swap Provider; (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date and (v) any Swap Step-in Activation Upfront Amount, Back-up Swap Activation Upfront Amount and/or any Recovery Amounts received by the Issuer, in each case only to the extent applied directly to pay any amounts due and payable by the Issuer to a Swap Provider;

(d) the Liquidity Reserve Fund Excess Amounts;

(e) following the redemption in full of the Class A Notes, all amounts standing to the credit of the Liquidity Reserve Fund Ledger;

(f) on the Interest Payment Date falling in October 2024 only, amounts standing to the credit of the Start-Up Loan Ledger of the Issuer Transaction Account in respect of amounts advanced under Tranche A of the Start-Up Loan to the extent such amounts have not been applied to pay the closing costs and expenses of the Issuer by such Interest Payment Date;

(g) the amount of any Advance under Tranche C of the Start-Up Loan Agreement made with respect to the relevant Interest Payment Date;

(h) any Available Principal Receipts to be applied on such Interest Payment Date pursuant to items (a)(i) or (b)(i), as applicable, of the Pre-Enforcement Principal Priority of Payments in an amount sufficient to cure a Revenue Deficiency (if any);

(i) any amounts received by way of enforcement of the Loans and Related Security other than those amounts deemed to be principal; and

(j) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts.

Available Principal Receipts means, for any Interest Payment Date, an amount equal to the aggregate of (without double counting and applied on a first in first out basis):

(a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date:

(i) received by the Issuer during the immediately preceding Collection Period;

(ii) received by the Issuer from the Seller during the immediately preceding Collection Period in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement; and

(iii) without double counting, any amounts that remain standing to the credit of the Principal Ledger following the application of Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments on the immediately preceding Interest Payment Date and not otherwise applied as Available Principal Receipts on that Interest Payment Date.

(b) any amounts received by way of enforcement of the Loans and Related Security deemed to be principal;

(c) amounts credited to the Principal Deficiency Ledger in accordance with items (i) and (l) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date;

(d) any insurance proceeds received during the immediately preceding Collection Period;

(e) any amount drawn under the Subordinated Note equal to a Class A Shortfall Amount which has been recorded on such Interest Payment Date; and

(f) any other amounts deemed by the Cash Manager to be principal which are not Available Revenue Receipts;

minus

(g) an amount equal to the aggregate of all New Portfolio Purchase Price amounts paid by the Issuer in such Collection Period (but excluding from this deduction any New Portfolio Purchase Price amounts to be paid by the Issuer on that Interest Payment Date),

and, for the avoidance of doubt, the following shall not constitute Available Principal Receipts:

(i) amounts applied to the Pre-Enforcement Revenue Priority of Payments under item (a)(i) or (b)(i), as applicable, of the Pre-Enforcement Principal Priority of Payments; and

(ii) any amounts standing to the credit of the Principal Ledger that are applied in or towards the payment of any Optional Redemption Repayment Amount pursuant to the terms of the Trust Deed.

Portfolio Eligibility Trigger means the occurrence of any one of the following events:

(a) the Step-Up Date;

(b) a Seller Insolvency Event, or, an insolvency event in relation to the replacement servicer to the extent TSB Bank is not Servicer;

(c) an unremedied breach by the Seller of any of its obligations under the Transaction Documents, which breach has (or, with the passage of time, would have) a Material Adverse Effect;

(d) following the application of the Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments on an Interest Payment Date, the balance recorded to the Subordinated Note Principal Deficiency Ledger is in excess of 10 per cent. of the aggregate Principal Amount Outstanding of the Subordinated Note as at that Interest Payment Date;

(e) the Liquidity Reserve Fund is not fully funded to the Liquidity Reserve Fund Required Amount on an Interest Payment Date following the application of the Pre-Enforcement Revenue Priority of Payments; and

(f) the aggregate Current Balance of the Loans in the Portfolio which are then in arrears for 3 months or more or is greater than or equal to 3 per cent. of the aggregate Current Balance of all Loans in the Portfolio as at any Interest Payment Date.

Revolving Period End Date means the earlier of (i) the Interest Payment Date falling in October 2029; and (ii) the occurrence of a Revolving Period Termination Event.

Revolving Period Termination Event means (i) the occurrence of an Event of Default; (ii) the occurrence of a Portfolio Eligibility Trigger or (iii) the occurrence of a Principal Ledger Threshold Event.

A **Principal Ledger Threshold Event** occurs when amounts standing to the credit of the Principal Ledger (excluding any New Portfolio Purchase Price amounts payable by the Issuer) prior to the application of the Pre-Enforcement Principal Priority of Payments exceed the Principal Ledger

Maximum Amount both on a relevant Interest Payment Date and on the immediately preceding Interest Payment Date.

Summary of Priorities of Payments

On each Interest Payment Date prior to the service of a Note Acceleration Notice on the Issuer, the Cash Manager will apply, or cause to be applied in the order set out below:

(a) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments;

(b) proceeds of any Liquidity Reserve Fund Drawing in accordance with the Liquidity Reserve Fund Revenue Priority of Payments (if required); and

(c) Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

See "*Cashflows — Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer*" and "*— Pre-Enforcement Principal Priority of Payments*" below.

Following service of a Note Acceleration Notice on the Issuer, the Security Trustee (or the Cash Manager on its behalf) will apply amounts available for such purpose in accordance with the Post-Enforcement Priority of Payments.

See "*Cashflows – Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer*" below.

Material Adverse Effect

As the context requires **Material Adverse Effect** means:

(a) a material adverse effect on the validity or enforceability of any of the Transaction Documents or the Notes;

(b) a material adverse effect on the collectability or receipt by or on behalf of the Issuer of any principal receipts or revenue receipts or sale proceeds in respect of the Loans;

(c) a material adverse effect on the right, title, interests and/or benefit of the Issuer or the Security Trustee in the Loans or in any other Charged Assets or the ability of the Security Trustee to enforce the Security or the priority of any Security;

(d) an adverse effect on the business, operations, assets, property, condition (financial or otherwise) or prospects of any person which is material in the context of the Transaction or on the ability of such person to perform its obligations under any of the Transaction Documents;

(e) a material adverse effect on the Class A Notes or the Class A Noteholders; or

(f) a failure in the provision of information to any transaction party which is material in the context of the Transaction.

Pre-Enforcement Priority of Payments

On each Interest Payment Date prior to the delivery of a Note Acceleration Notice and prior to the redemption of the Notes in full in accordance with

the relevant Conditions the Cash Manager shall apply or provide for application of the amounts described in the following diagrams.

(g) Available Revenue Receipts in the following order of priority (the **Pre-Enforcement Revenue Priority of Payments**):

Pre-Enforcement Revenue Priority of Payments

(a) **Note Trustees & Security Trustee**
(*pro rata & pari passu* fees & expenses)

↓

(b) **Principal Paying Agent, Agent Bank & Corporate Services Provider**
(*pro rata & pari passu* fees & expenses)

↓

(c) **Servicer, Cash Manager, Back-Up Servicing Facilitator, Issuer Account Bank and Custodian**
(*pro rata & pari passu* fees & expenses)

↓

(d) **Issuer**
(corporation tax payments)

↓

(e) **Issuer**
(profit to be retained)

↓

(f) **Issuer**
(amounts due and payable to third parties)

↓

(g) **Interest Rate Swap Provider and Back-up Swap Provider**
(*pro rata & pari passu* amounts due and payable to the Swap Providers, in respect of the Swap Agreements (including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the relevant Swap Provider of any Replacement Swap Premium, by the Back-up Swap Activation Upfront Amount if such amount is due and payable to the Issuer or by the Swap Step-in Activation Upfront Amount) excluding any Swap Excluded Termination Amount)

↓

(h) **Class A Noteholders**
(interest on the Class A Notes)

↓

(i) **Class A Principal Deficiency Ledger**
(amount to reduce debit balance to zero)

↓

(j) **Issuer Transaction Account**
(amount up to the Liquidity Reserve Fund Required Amount)

↓

(k) **Interest Rate Swap Provider and Back-up Swap Provider**
(*pro rata & pari passu* amounts due and payable to the Swap Providers in accordance with the terms of the Swap Agreements in respect of the Swap Excluded Termination Amount (to the extent not satisfied by payment to the relevant Swap Provider, by the Issuer of any Replacement Swap Premium, by the Back-up Swap Activation Upfront Amount if such amount is due and payable to the Issuer or by the Swap Step-in Activation Upfront Amount)

↓

(l) **Subordinated Note Principal Deficiency Ledger**
(amount to reduce debit balance to zero)

↓

(m) **Subordinated Noteholder**
(interest on Subordinated Note, if any)

↓

(n) **Start-Up Loan Provider**
(all amounts due under the Start-Up Loan)

↓

(o) **Seller**
(Deferred Consideration)

(h) Monies released from the Liquidity Reserve Fund in the following order of priority (the **Liquidity Reserve Fund Revenue Priority of Payments**):

Liquidity Reserve Fund Revenue Priority of Payments

(a) **Note Trustees & Security Trustee**
(*pro rata & pari passu* fees & expenses)

↓

(b) **Principal Paying Agent, Agent Bank & Corporate Services Provider**
(*pro rata & pari passu* fees & expenses)

↓

(c) **Servicer, Cash Manager, Back-Up Servicing Facilitator, Issuer Account Bank and Custodian**
(*pro rata & pari passu* fees & expenses)

↓

(d) **Issuer**
(corporation tax payments)

↓

(e) **Issuer**
(profit to be retained)

↓

(f) **Issuer**
(amounts due and payable to third parties)

↓

(g) **Interest Rate Swap Provider and Back-up Swap Provider**
(*pro rata & pari passu* amounts due and payable to the Swap Providers in respect of the Swap Agreements (including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the relevant Swap Provider of any Replacement Swap Premium, by the Back-up Swap Activation Upfront Amount if such amount is due and payable to the Issuer or by the Swap Step-in Activation Upfront Amount) excluding any Swap Excluded Termination Amount)

↓

(h) **Class A Noteholders**
(interest on the Class A Notes)

(i) Available Principal Receipts in the following order of priority (the **Pre-Enforcement Principal Priority of Payments**):

Pre-Enforcement Principal Priority of Payments

Prior to an Enforcement Event and during the Revolving Period

(a)	**Available Revenue Receipts** (amount up to the amount of any remaining Revenue Deficiency to pay items (a) to (h) and (j) of the Pre-Enforcement Revenue Priority of Payments following the application of Liquidity Reserve Fund Drawing on that Interest Payment Date)
	↓
(b)	**Class A Noteholders** ((repayment of the principal amounts outstanding on the Class A Notes, up to the Class A Target Amortisation Amount)
	↓
(c)	**New Portfolio Purchase Price Ledger** (amount to reduce debit balance to zero)
	↓
(d)	**Principal Ledger** (amounts retained on the Principal Ledger up to the Principal Ledger Maximum Amount)
	↓
(e)	**Class A Noteholders** (repayment of the principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero)

Pre-Enforcement Principal Priority of Payments

Prior to an Enforcement Event but on and following the Revolving Period End Date

(a)	**Available Revenue Receipts** (amount up to the amount of any remaining Revenue Deficiency to pay items (a) to (h) and (j) of the Pre-Enforcement Revenue Priority of Payments following the application of Liquidity Reserve Fund Drawing on that Interest Payment Date)
	↓
(b)	**Class A Noteholders** (interest on the Class A Notes)
	↓
(c)	**Class A Noteholders** (principal to Class A Noteholders until the Principal Amount Outstanding of the Class A Notes is reduced to zero)
	↓
(d)	**Subordinated Noteholder** (principal to the Subordinated Noteholder until the Principal Amount Outstanding of the Subordinated Note is reduced to zero)
	↓
(e)	**Seller** (Deferred Consideration)

Post-Enforcement Priority of Payments

On each Interest Payment Date following the delivery of a Note Acceleration Notice by the Note Trustee (which has not been revoked) on the Issuer, the Security Trustee (or the Cash Manager on its behalf) will apply all monies standing to the credit of the Bank Accounts and all receipts (however characterised or realised) received by the Issuer and/or the Security Trustee or a Receiver (whether of principal or interest or otherwise) but excluding:

(a) any Excess Swap Collateral which shall be returned directly to the relevant Swap Provider under the relevant Swap Agreement;

(b) any Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of a Swap Agreement to reduce the amount that would otherwise be payable by a Swap Provider to the Issuer on early termination of the Interest Rate Swap under the Interest Rate Swap Agreement or the Back-up Swap under the Back-up Swap Agreement, as applicable) which shall be returned directly to the relevant Swap Provider to, in the event that an Early Termination Date (as defined in the relevant Swap Agreement) has been designated, pay any early termination amount payable by the Issuer to the relevant Swap Provider in accordance with the terms of the relevant Swap Agreement;

(c) any Swap Tax Credits which shall be returned directly to the relevant Swap Provider;

(d) any Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to a Swap Provider) which shall be paid directly to the relevant Swap Provider; and

(e) any Recovery Amounts received by the Issuer, only to the extent applied directly to pay any amounts due and payable by the Issuer to a Swap Provider,

in the order of priority set forth on the following page (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full):

Post-Enforcement Priority of Payments

(a)	**Note Trustees & Security Trustee** (*pro rata & pari passu* fees & expenses)
	↓
(b)	**Principal Paying Agent, Agent Bank & Corporate Services Provider** (*pro rata & pari passu* fees & expenses)
	↓
(c)	**Servicer, Cash Manager, Back-Up Servicing Facilitator, Issuer Account Bank and Custodian** (*pro rata & pari passu* fees & expenses)
	↓
(d)	**Interest Rate Swap Provider and Back-up Swap Provider** (amounts due and payable *pro rata* & *pari passu* to the Swap Providers in respect of the Swap Agreements (including any termination payment due and payable by the Issuer) excluding any Swap Excluded Termination Amount)
	↓
(e)	**Class A Noteholders** (interest on the Class A Notes)
	↓
(f)	**Class A Noteholders** (principal to Class A Noteholders until the Principal Amount Outstanding of the Class A Notes is reduced to zero)
	↓
(g)	**Interest Rate Swap Provider and Back-up Swap Provider** (*pro rata & pari passu* any Swap Excluded Termination Amount)
	↓
(h)	**Subordinated Noteholder** (interest on the Subordinated Note, if any)
	↓
(i)	**Subordinated Noteholder** (principal to the Subordinated Noteholder until the Principal Amount Outstanding of the Subordinated Note is reduced to zero)
	↓
(j)	**Start-Up Loan Provider** (all amounts due under the Start-Up Loan)
	↓
(k)	**Issuer** (profit to be retained)
	↓
(l)	**Seller** (Deferred Consideration)

General Credit Structure

The general credit structure of the transaction includes the following elements:

- payments on the Subordinated Note are subordinated to payments on the Class A Notes;
- availability of the **Liquidity Reserve Fund**, funded on the Closing Date by the proceeds of the Start-Up Loan up to the Initial Liquidity Reserve Fund Required Amount. To the extent required, monies standing to the credit of the Liquidity Reserve Fund equal to any required Liquidity Reserve Fund Drawing will be used on each Interest Payment Date in accordance with the Liquidity Reserve Fund Revenue Priority of Payments to meet certain Revenue Deficiencies. On each Interest Payment Date, the Liquidity Reserve Fund is replenished up to the Liquidity Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (if required) further drawings under the Start-Up Loan. On each Interest Payment Date, any Liquidity Reserve Fund Excess Amount will be released as Available Revenue Receipts (see "*Credit Structure — Liquidity Reserve Fund*" for further details);
- the application in certain circumstances of Principal Receipts to provide for certain Revenue Deficiencies (see "*Credit Structure — Principal Deficiency Ledger*" for further details);
- a Principal Deficiency Ledger established to record all deficiencies arising from Losses on the Portfolio. Sub-ledgers on the Principal Deficiency Ledger will record as a credit Available Revenue Receipts applied pursuant to items (i) and (l) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall thereupon become Available Principal Receipts) (see "*Credit Structure*" for further details);
- availability of Subordinated Note Drawings to supplement New Portfolio Purchase Price Shortfall Amounts or any Class A Shortfall Amounts at the sole discretion of the Subordinated Noteholder (see "*Credit Structure — Subordinated Note*");
- the expectation that Available Revenue Receipts will exceed interest and fees payable by the Issuer under the Notes; and
- availability of an interest rate swap provided by a Swap Provider to hedge against the possible variance between various fixed rates of interest received on the Fixed Rate Loans in the Portfolio and a rate of interest calculated by reference to Compounded Daily SONIA (see "*Credit Structure — Interest Rate Risk* " for further details).

Losses means all realised losses in respect of a Loan, including any loss arising as a result of an exercise of any set-off by the relevant Borrower.

Bank Accounts and Cash Management

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 Issuer Transaction Account and (if necessary) the Swap Collateral Accounts. In addition, the Cash Manager will:

(a) Publish each Quarterly Report and the Cash Flow Model on TSB Bank's website at www.tsb.co.uk/investors/debt-investors (neither the website nor the contents thereof form part of this Prospectus);

(b) provide the Issuer, the Seller, the Class A Noteholders, the Security Trustee, the Swap Providers and the Rating Agencies with the UK Investor Report and the EU Investor Report in respect of the Loans in the Portfolio within one month of each Interest Payment Date in accordance with the Article 7(1) of the UK Securitisation Regulation and the UK Article 7 Technical Standards and Article 7(1) of the EU Securitisation Regulation and the EU Article 7 Technical Standards (as applicable, and in in the case of the EU Securitisation Regulation and the EU Article 7 Technical Standards as applicable on the Closing Date);

(c) provide to the Issuer, the Seller and the Class A Noteholders, with each Quarterly Report and Loan Level Information in respect of the Loans in the Portfolio within one month of each Interest Payment Date;

(d) calculate the Available Revenue Receipts and Available Principal Receipts of the Issuer;

(e) apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, Liquidity Reserve Fund Drawings in accordance with the Liquidity Reserve Fund Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments;

(f) on each Interest Payment Date following the delivery of a Note Acceleration Notice, unless the Security Trustee requires otherwise, apply, or cause to be applied, Available Revenue Receipts and Available Principal Receipts in accordance with the Post-Enforcement Priority of Payments;

(g) record credits to and debits from the Principal Ledger, the Revenue Ledger, the Liquidity Reserve Fund Ledger, the Principal Deficiency Ledger, the Issuer Profit Ledger, the Start-Up Loan Ledger and the Subordinated Note Ledger, as and when required;

(h) make payments of the consideration for New Portfolios to the Seller;

(i) test the Portfolio Eligibility Triggers (other than items (a), (b) and (c) of the definition of Portfolio Eligibility Trigger) on each Interest Payment Date taking into account the application of the Priorities of Payments on that Interest Payment Date, and promptly notifying the Issuer, the Seller, the Servicer and the Security Trustee in the event that any Portfolio Eligibility Trigger (other than items (a), (b) and (c) of the definition of Portfolio Eligibility Trigger) has been breached;

(j) make any determinations required to be made by the Issuer and provide any information required to be provided to the Swap Providers under the Swap Agreements;

(k) establish one or more Swap Collateral Accounts and credit (i) all interest and distributions in respect of Sterling denominated securities credited to a Swap Collateral Securities Account to the

Sterling Cash Swap Collateral Account corresponding to the relevant Swap Provider, (ii) all Swap Collateral in the form of securities to the relevant Swap Collateral Securities Account, (iii) all interest and distributions in respect of Euro denominated securities credited to a Swap Collateral Securities Account to the Euro Cash Swap Collateral Account corresponding to the relevant Swap Provider and (iv) operate the Swap Collateral Account(s) and ensure that payments are made into and from such account(s) in accordance with the Cash Management Agreement, the Account Bank Agreement, the Deed of Charge and the Swap Agreements; and

(l) utilise a Subordinated Note Drawing or an Advance under Tranche C of the Start-Up Loan, as required.

The Issuer will enter into the Bank Account Agreement with the Issuer Account Bank on the Closing Date in respect of the Issuer Transaction Account and any additional accounts to be established by the Issuer pursuant to the Bank Account Agreement (collectively with the Swap Collateral Accounts, the **Bank Accounts**). On each Interest Payment Date, the Cash Manager will apply monies in the Issuer Transaction Account in accordance with the relevant Priority of Payments. Monies in the Issuer Transaction Account may also be used on any Sale Date to pay the New Portfolio Purchase Price in respect of any new Loans sold by the Seller to the Issuer.

Swap Collateral Account means each Swap Collateral Cash Account and each Swap Collateral Securities Account opened from time to time by the Issuer pursuant to the relevant Custody Agreement.

Swap Collateral Cash Account means any cash account opened by the Issuer with the Custodian for the purposes of depositing any cash collateral to be posted by a Swap Provider pursuant to the terms of the Swap Agreements or any interest or distributions in respect of any collateral in the form of securities to be posted by the Swap Providers pursuant to the terms of a Swap Agreement and includes any Sterling Cash Swap Collateral Account and any Euro Cash Swap Collateral Account opened by the Issuer on or about the Closing Date.

Swap Collateral Securities Accounts means any securities account opened by the Issuer with the Custodian for the purposes of depositing any collateral in the form of securities to be posted by a Swap Provider pursuant to the terms of the relevant Swap Agreement.

See "*Summary of the Key Transaction Documents — Cash Management Agreement*" below.

Interest Rate Swap

On or about the Closing Date, the Interest Rate Swap Provider will enter into the Interest Rate Swap Agreement.

Payments received by the Issuer under the Fixed Rate Loans in the Portfolio will be subject to fixed rates of interest. The interest amounts payable by the Issuer in respect of the Class A Notes will be calculated by reference to Compounded Daily SONIA plus the Relevant Margin. Pursuant to the Interest Rate Swap Agreement the Issuer will enter into a swap transaction to hedge against the possible variance between the various fixed rates of interest received on the Fixed Rate Loans in the Portfolio and a rate of interest calculated by reference to Compounded Daily SONIA (the **Interest Rate Swap**).

The Interest Rate Swap has the following key commercial terms:

Issuer Payment: the amount equal to the product of (i) the Weighted Average Fixed Rate, (ii) the Interest Rate Swap Notional Amount, and (iii) the number of days in the relevant Interest Period divided by 365.

Interest Rate Swap Provider Payment: the amount equal to the product of (i) Compounded Daily SONIA as fixed on the immediately preceding Interest Determination Date plus a spread of 0.8 per cent. per annum, (ii) the Interest Rate Swap Notional Amount, and (iii) number of days in the relevant Interest Period divided by 365.

Interest Rate Swap Notional Amount: in relation to an Interest Period, an amount notified by the Cash Manager in Sterling equal to the aggregate Performing Balance of the Fixed Rate Loans in the Portfolio for the Collection Period ending immediately prior to the relevant Interest Payment Date.

Performing Balance: in relation to a Fixed Rate Loan and an Interest Period, an amount (if any) in Sterling equal to the product of (i) the average daily Current Balance of such Fixed Rate Loan during the Collection Period ending in the relevant Interest Period; and (ii) the result of (a) the interest actually paid by the relevant Borrower during that Collection Period divided by (b) the interest due and payable by the relevant Borrower during that Collection Period. For the avoidance of doubt, Fixed Rate Loan as used in this definition includes Fixed Rate Loans which have become a Fixed Rate Loan after being subject to a Product Switch.

Weighted Average Fixed Rate: in relation to an Interest Period, the weighted average of the fixed rates of interest charged to Borrowers of Fixed Rate Loans during the Collection Period ending in the relevant Interest Period (with each rate applicable to a Fixed Rate Loan weighted by reference to the proportion that the Performing Balance of such Fixed Rate Loan bears to the aggregate Performing Balance of all Fixed Rate Loans) as notified by the Cash Manager on behalf of the Issuer in accordance with the provisions of the Cash Management Agreement.

Frequency of payment: quarterly on each Interest Payment Date.

Termination Date: the earlier of (i) the Interest Payment Date falling in October 2039; (ii) the date on which the Class A Notes are redeemed in full in accordance with Condition 7.2 (*Mandatory Redemption of the Notes in Part*) or 7.3 (*Optional Redemption of the Class A Notes*); and (iii) following the expiry of the Revolving Period, the Interest Payment Date immediately following the Collection Period End Date on which the aggregate Performing Balance of the Fixed Rate Loans in the Portfolio is reduced to zero.

See "*Credit Structure — Interest Rate Risk* " and "*— Interest Rate Swap*" for further details.

Back-up Swap

On or about the Closing Date, the Back-up Swap Provider will enter into the Back-up Swap Agreement.

Pursuant to the Back-up Swap Agreement the Issuer will enter into a swap transaction to hedge against the possible variance between the various fixed rates of interest received on the Fixed Rate Loans in the Portfolio and

a rate of interest calculated by reference to Compounded Daily SONIA on and following the Back-up Swap Trigger Date (the **Back-up Swap**) .

The **Back-up Swap Trigger Date** shall occur on the date notified by the Back-up Swap Provider to the Interest Rate Swap Provider and the Issuer pursuant to the Back-up Swap Agreement, upon the occurrence of a Back-up Trigger Event of Default under the Interest Rate Swap Agreement. The Back-up Swap Provider shall provide such notice if a Back-up Trigger Event of Default occurs under either limb (i) or (iii) of such definition within the time period specified in the Back-up Swap Agreement and the Back-up Swap Provider has the right to provide such notice following a Back-up Trigger Event of Default that occurs under limb (ii) of such definition. After providing such notice, the Interest Rate Swap shall be deemed to automatically terminate on the Back-up Swap Trigger Date (such date being the Early Termination Date of the Interest Rate Swap).

A **Back-up Trigger Event of Default** means the occurrence of any of the following events: (i) an event of default in respect of the Interest Rate Swap Provider pursuant to Section 5(a)(i) of the Interest Rate Swap Agreement, (ii) a failure by the Interest Rate Swap Provider to provide collateral that is due and payable under the credit support annex to the Issuer in accordance with the terms of the Credit Support Annex, (unless such failure to transfer was (1) caused by an error or omission of an administrative or operational nature, (2) funds were available to the Interest Rate Swap Provider to enable it to make the relevant transfer when due and (3) such relevant transfer is made on the Settlement Day following the date of the discovery of the error or failure), or (iii) an event of default in respect of the Interest Rate Swap Provider pursuant to Section 5(a)(vii) of the Interest Rate Swap Agreement.

The Back-up Swap has substantially similar key commercial terms as the Interest Rate Swap, as outlined above, provided that (i) no amounts will be payable by either party under the Back-up Swap Agreement prior to the occurrence of the Back-up Swap Trigger Date other than the Back-up Swap Provider Fee, and (ii) the Issuer will pay to the Back-up Swap Provider on each Payment Date from (and including) the Closing Date to (and including) the Termination Date, a fixed amount calculated by reference to: (a) the applicable fixed rate for the relevant Interest Period, (b) the applicable notional amount and (c) the exact number of days of the relevant Interest Period, divided by 365 (the **Back-up Swap Provider Fee**).

Termination Date: the earlier of (i) the Interest Payment Date falling in October 2039; (ii) the date on which the Class A Notes are redeemed in full in accordance with Condition 7.2 (*Mandatory Redemption of the Notes in Part*) or 7.3 (*Optional Redemption of the Class A Notes*); and (iii) following the expiry of the Revolving Period, the Interest Payment Date immediately following the Collection Period End Date on which the aggregate Performing Balance of the Fixed Rate Loans in the Portfolio is reduced to zero.

See "*Credit Structure — Interest Rate Risk* " and "*— Interest Rate* Swap" for further details.

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 in 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.

1. Risks related to the availability of funds to pay the Notes

Liabilities Under the Notes

The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Seller, the Arranger, any Joint Lead Manager, the Servicer, the Cash Manager, the Issuer Account Bank, the Subordinated Noteholder, the Start-Up Loan Provider, the Interest Rate Swap Provider, the Back-up Swap Provider, the Back-Up Servicing Facilitator, the Corporate Services Provider, any Paying Agent, the Agent Bank, the Dematerialised Note Registrar, the Note Trustee or the Security Trustee, any company in the same group of companies as such entities, any other party to the Transaction Documents or by any person other than the Issuer. If the Issuer does not have sufficient funds to enable it to make the required payments on the Notes, as the Notes and Transaction Documents include limited recourse provisions (see below under "— *Limited Source of Funds*"), Noteholders will not be able to rely on any other party to the transaction to make payments on the Notes and, as a result, Noteholders may incur a loss of interest and/or principal which would otherwise be due and payable 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 receipts from the Loans in the Portfolio, interest earned on the Bank Accounts (other than the Swap Collateral Accounts) and any Authorised Investments, amounts standing to the credit of the Liquidity Reserve Fund (subject to application in accordance with the relevant Priority of Payments), and receipts under the Swap Agreements. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes 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 Relevant Margin applicable to the Class A Notes payable by the Issuer may increase on the Step-Up Date as set forth in "— *Overview of the Terms and Conditions of the Notes*" above. It is not expected that any additional sources of funds will be made available to the Issuer (including, without limitation, any additional Loans being made available by the Seller) in order for the Issuer to meet its payment obligations in respect of the increase in, or payment of, the Relevant Margin. If the resources described above cannot provide the Issuer with sufficient funds to enable it to make the required payments on the Notes, Noteholders may incur a loss of interest and/or principal which would otherwise be due and payable on the Notes. The recourse of the Noteholders to the Charged Assets following service of a Note Acceleration Notice is described below under "*English Law Security and Insolvency Considerations*".

Delinquencies or Default by Borrowers in Paying Amounts Due on their Loans

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. 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 economic climate, regional economic conditions (due to local, national and/or global macroeconomic factors) and weaker housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies.

While, in recent years, interest rates had remained at relatively low levels, rates have increased resulting in Borrowers with a mortgage loan subject to a variable rate of interest or with a mortgage loan 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 adjusts upward (or, in the case of a mortgage loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). Future increases in Borrowers' required monthly payments, which (in the case of a mortgage 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, may ultimately result in higher delinquency rates and losses in the future.

It is unlikely that Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans will be able to find 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. These events, alone or in combination, may contribute to higher delinquency rates and affect receipts on the Loans and ultimately result in losses on the Notes (see "*Revenue and Principal Deficiency"* below for further details).

In addition, inflation increased and this also resulted in further increases to the cost-of-living for Borrowers. Whilst inflation is currently broadly declining, it may increase further in future. A sharp increase in energy prices and the overall rate of inflation, particularly since the Ukraine conflict, together with higher interest rates, could adversely impact the Borrowers' ability to repay the Loans and/or their ability to meet the affordability requirements of any replacement loan.

Other factors in Borrowers' individual, personal or financial circumstances may also affect the ability of Borrowers to repay the Loans. Loss of earnings, illness, divorce or widespread health crises or the fear of such crises, or other epidemic and/or pandemic diseases) and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, governmental action or inaction in respect of, or responses to, any widespread health crises or such potential crises (such as those introduced in response to Covid-19) whether in the United Kingdom or in any other jurisdiction, may lead to a deterioration of economic conditions both globally and also within the United Kingdom. Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not ultimately result in losses on the Notes.

In addition, 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 obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly or restricted by future development in law or guidance on enforcement of repossessions, the receipts from the Loans could be affected.

If the timing of the receipts from the Loans, as well as the quantum of such receipts, in respect of the Loans is adversely affected by any of the risks described above, then ultimately the result could be losses on the Notes (see "*Revenue and Principal Deficiency"* below for further details).

Revenue and Principal Deficiency

If, on any Interest Payment Date, there are shortfalls in Available Revenue Receipts relative to the amount required to pay: (i) interest due on the Class A Notes, amounts ranking in priority to the payment of interest on the Class A Notes, and amounts necessary to eliminate any debit balances on the Class A Principal Deficiency Ledger; and (ii) amounts necessary to eliminate any debit balances on the Subordinated Note Principal Deficiency Ledger, then the Issuer (or the Cash Manager on its behalf) may apply: (1) a drawing from the amounts standing to the credit of the Liquidity Reserve Fund in accordance with the Liquidity Reserve Fund Revenue Priority of Payments; (and (2) the Available Principal Receipts in accordance with items (a)(i) or (b)(i), as applicable, of the Pre-Enforcement Principal Priority of Payments. If Available Principal Receipts (if any) or a drawing from the Liquidity Reserve Fund is applied to cure a shortfall in Available Revenue Receipts relative to such payments, the consequences set out in this risk factor may result.

Losses of principal on the Portfolio will be recorded: (a) *first*, to the Subordinated Note Principal Deficiency Ledger until the balance of the Subordinated Note Principal Deficiency Ledger is equal to the Principal Amount Outstanding of the Subordinated Note; and (b) *second*, to the Class A Principal Deficiency Ledger until the balance of the Class A Principal Deficiency Ledger is equal to the Principal Amount Outstanding of the Class A Notes.

It is expected that during the course of the life of the Notes, principal deficiencies will be recouped from Available Revenue Receipts and amounts standing to the credit of the Liquidity Reserve Fund. Available

Revenue Receipts and amounts standing to the credit of the Liquidity Reserve Fund will be applied, after meeting prior ranking obligations as set out under the relevant Priority of Payments, (in relation to Available Revenue Receipts) in accordance with the Pre-Enforcement Revenue Priority of Payments, and (in relation to amounts standing to the credit of the Liquidity Reserve Fund) in accordance with the Liquidity Reserve Fund Revenue Priority of Payments (respectively), as a credit to the Principal Deficiency Ledger. Where a credit entry is made on the Principal Deficiency Ledger, such credit shall be applied first to the Class A Principal Deficiency Ledger and second to the Subordinated Note Principal Deficiency 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 Legal Maturity Date of such Class of 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 Class A Principal Deficiency Ledger and the Subordinated Note Principal Deficiency Ledger.

2. Risks related to the underlying assets

Further Advances and Product Switches

At any time prior to the redemption in whole of the Notes and subject to satisfaction of certain conditions, if a Borrower requests or the Seller (or the Servicer on behalf of the Seller) offers, the Seller may (but is not obliged to), make a Further Advance or Product Switch under the relevant Loan. The Seller will have an obligation to repurchase on the Advance Date itself, each Loan and its Related Security in respect of which a Further Advance has been made in accordance with the provisions of the Mortgage Sale Agreement.

Any Loan subject to a Product Switch will remain in the Portfolio unless the Issuer subsequently determines that such Product Switch is a Non-Eligible Product Switch, or that any Loan Warranty made with respect to such Loan was materially untrue or determines that the Loan does not meet the Loan Warranties as at the relevant Switch Date. In these circumstances, the Seller will be required to offer to repurchase the relevant Loan and its Related Security from the Issuer. See further "*Summary of the Key Transaction Documents — Mortgage Sale Agreement — Repurchase by the Seller*".

It should be noted that any warranties made by the Seller in relation to a Product Switch may be amended from time to time and such changes will be notified to the Rating Agencies. The consent of the Noteholders in relation to such amendments will not be required if the Security Trustee has given its prior consent to such amendment (and for such purpose, the Security Trustee may, but is not obliged to, have regard to any confirmation from each of the Rating Agencies that it will not downgrade, withdraw or qualify the ratings of the Notes as a result of those amendments). Where the Seller is required to repurchase Loans because the warranties are not true, or there has been a Further Advance or where the Seller is permitted to repurchase a Loan which is a Non-Compliant Loan, there can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. Either of these circumstances 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 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.

Interest-Only Loans

Each Loan may be repayable either on a capital repayment basis, an interest-only basis or a combination capital repayment/interest payment basis. See "*The Loans — Repayment terms*" below. Where a 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 Seller requires, as part of its origination practice, that the relevant Borrower puts into place some form of repayment mechanism to ensure that funds will be available to repay the capital at the end of the mortgage term, such as an investment policy or pension. However, the Seller has not always required

proof of any such repayment mechanism and does not take security over any investment policies or pension contributions taken out by Borrowers.

In addition, even if a Borrower has invested in a repayment mechanism, such Borrower 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 an appropriate source. 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.

Changing Characteristics of the Portfolio during the Revolving Period

During the Revolving Period, the amounts that would otherwise be used to repay the principal on the Notes may be used to purchase New Portfolios from the Seller. The Loans comprising the Initial Portfolio and New Portfolios may also be prepaid or default during the Revolving Period, and therefore the characteristics of the Portfolio may change after the Closing Date, and could be substantially different at the end of the Revolving Period from the characteristics of the pool of Loans comprising the Initial Portfolio. These differences could result in faster or slower repayments or greater losses on the Notes.

Because of payments on the Loans and purchases of New Portfolios during the Revolving Period, concentrations of Borrowers in the pool may be substantially different from the concentration that exists on the Closing Date. Such concentration or other changes of the pool could adversely affect the delinquency, or credit loss, of the Loans.

Searches, Investigations, Representations and Warranties in relation to the Loans

The Seller will give certain representations and warranties to the Issuer regarding the Initial Loans and their Initial Related Security sold to the Issuer on the Closing Date and will give similar representations and warranties to the Issuer regarding any new Loans and their Related Security sold to the Issuer on any Sale Date. See "*Summary of the Key Transaction Documents — Mortgage Sale Agreement — Representations and Warranties*" below for a summary of these.

Neither the Security Trustee nor the Issuer nor the Arranger nor any Joint Lead Manager 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 representations and warranties given in the Mortgage Sale Agreement by the Seller. The primary remedy of the Issuer against the Seller with respect to a Loan if any of the representations or warranties made by the Seller is materially breached or proves to be materially untrue as at the Closing Date or the Sale Date, as applicable, which breach is not remedied within 20 Business Days of receipt by the Seller of a notice from the Issuer, shall be to require the Seller to repurchase such 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.

It should also be noted that any warranties made by the Seller in relation to a New Portfolio and/or Product Switches may be amended from time to time and differ from the warranties made by the Seller at the Closing Date without the consent of the Noteholders provided that the Security Trustee has given its consent to such amendments (and for such purpose, the Security Trustee may, but is not obliged to, have regard to whether the Rating Agencies have confirmed that they will not downgrade, withdraw or qualify the ratings of the Notes as a result of those amendments (and, for the avoidance of doubt, the Rating Agencies will not be required to provide such confirmation)). Changes to the warranties may affect the quality of Loans in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

Geographic Concentration Risks

Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom 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 United Kingdom, a concentration of the Loans in such a region may be expected to exacerbate the risks relating to the Loans described in these risk factors. The economy of each geographic region within the United Kingdom is dependent on a different mixture of industries and other factors. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. In addition, any natural disasters or widespread health crises or the fear of any such crises (such as COVID-19, measles, SARS, Ebola, H1N1, Zika, avian influenza, swine influenza, or other infectious epidemic diseases) in a particular region may weaken economic conditions and reduce the value of affected Properties, the ability to sell a Property in a timely manner, and/or negatively impact the ability of Borrowers to make timely payments on the Loans. This may result in a loss being incurred upon sale of the Property and/or otherwise affect receipts on the Loans. In addition, from time to time, the Seller may offer a range of forbearance options to support Borrowers in or facing financial difficulty as a result of such factors, including temporary suspension of principal repayments or instalments. If the timing and payment of the Loans is adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and this could ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans in the Provisional Portfolio as at the Reference Date, see "*Characteristics of the Provisional Portfolio — Geographical Distribution*". Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

Insurance Policies

The policies of the Seller in relation to buildings insurance are described under "*The Loans — Insurance Policies — Borrower-arranged Buildings Insurance*" below. No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts with the result that any related insurance proceeds do not form part of the Available Principal Receipts. This could adversely affect the Issuer's ability to redeem the Notes.

Loans are subject to certain legal and regulatory risks

The Loans are subject to certain risks relating to the law and regulation of mortgages in the United Kingdom. No assurance can be given that additional regulatory changes by the FCA or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments, including any further changes to the FCA's MCOB arising from the FCA's mortgage market review, or to MCOB or the FSMA arising from HM Treasury's proposals to change mortgage regulation or changes in the regulatory structure or the Financial Services Act 2012, or compliance costs may have a material adverse effect on the Seller, the Issuer, the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due. Further detail on certain considerations in relation to the regulation of mortgages in the UK is set out in the section headed "*Information Relating to the Regulation of Mortgages in the UK" below* and certain specific risks are set out below:

Regulated Mortgage Contracts. 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 the FCA rules (including MCOB) or PRA rules, 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 with that authorised person (or exercise analogous rights in Scotland). Any such claim or set-off may reduce the amounts available to meet the payments due and may adversely affect the Issuer's ability to make payments on the Notes. Further detail is included in the section headed "*Information* Relating to the Regulation of Mortgages in the UK – *Regulated Mortgage Contracts*" below.

Regulation of residential secured lending. The exercise of supervisory and enforcement powers by the FCA may adversely affect the Issuer's ability to make payment on the Notes when due, particularly if the FCA orders remedial action in respect of past conduct. Non-compliance with certain provisions of the CCA may render a regulated credit agreement totally unenforceable or unenforceable without a court order or an order of the appropriate regulator, or may render the borrower not liable to pay interest or charges in relation to the period of non-compliance. This regulatory regime may result in adverse effects on the enforceability of certain

Loans and consequently the Issuer's ability to make payment on the Notes when due. Further detail is included in the section headed " *Information Relating to the Regulation of Mortgages in the UK – Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below.

Guidance Issued by the Regulators. Guidance issued by the regulators has changed over time and it is possible that it may change in the future. No assurance can be given that any changes in legislation, guidance or case law as it relates to the Portfolio will not have a material adverse effect on the Seller and/or the Servicer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Loans and consequently the Issuer's ability to make payment in full on the Notes when due. Any such changes (including changes in regulators' responsibilities) may also adversely affect the Seller, the Issuer and the Servicer and their respective businesses and operations. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below.

Unfair Relationships. If a court determined that there was an unfair relationship between the lender and the borrowers in respect of the Loans and ordered that financial redress was made in respect of such Loans or if redress was due in accordance with the FCA guidance on PPI complaints, such redress 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. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Unfair relationships*" below.

Consumer Duty. The FCA Consumer Duty (the **Consumer Duty**) came into effect for open products and services from 31 July 2023 (and will come into effect from 31 July 2024 for closed book products). The Consumer Duty is enshrined in a new Principle 12 of the FCA's Principles for Business and requires firms to act to deliver good outcomes for retail customers. It is difficult to predict the impact of the Consumer Duty on the Issuer's ability to meet its obligations under the Notes. If (for example) the obligations relating to fair value or not causing harm are not met in relation to the Portfolio, it could adversely affect the amounts received or recoverable in relation to the Portfolio. This may adversely affect the ability of the Issuer to make payments in full on the Notes when due. Further detail is included in the section headed "*Loans are subject to any future changes to mortgage regulation*".

Distance Marketing. The Financial Services (Distance Marketing) Regulations 2004 allow, in certain specified circumstances, a borrower to cancel a credit agreement it has entered into with a lender without provision of certain required information. 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 the Loans, affecting the Issuer's ability to make payments in full on the Notes when due. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Distance Marketing Regulations*" below.

UTCCR and CRA. The broad and general wording of the UTCCR and 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 may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into between 1 July 1995 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, it may reduce the amounts available to meet the payments due in respect of the Notes, including by way of non-recovery of a Loan by the Seller or the Issuer a claim made by the Borrower or the exercise by the Borrower of a right of set-off arising as a result of a term of a loan being found to be unfair (and therefore not binding on the consumer) may adversely affect the ability of the Issuer to make payments to Noteholders on the Notes.

If any term of the Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations. No assurance can be given that any such changes in guidance on the UTCCR and the CRA, or reform of the UTCCR and the CRA will not affect the Loans and will not have a material adverse effect on the Issuer's ability to make payments on the Notes. Further detail in relation to both the UTCCR and the CRA is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015*" below.

Mortgage repossessions. The protocols for mortgage repossession may have adverse effects in relation to the ability of the Seller to repossess properties in England and Wales 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 may adversely affect the ability of the Issuer to make payments to Noteholders. Likewise delays could be encountered in connection with enforcement of mortgages in England and Wales as a result of the implementation of the Breathing Space Regulations (as defined and detailed below). Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Mortgage Repossession*" below.

Financial Ombudsman Service: Under the FSMA, the Financial Ombudsman Service (the **Ombudsman**) is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction. As 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 borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders.

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 the COVID-19, 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 FCA makes clear in the Mortgages Tailored Support Guidance that it expects lenders of both owner occupied and buy-to-let mortgage loans to act in a manner consistent with the guidance. If the Issuer is required to offer prospective forbearance to a significant proportion of Mortgage Loans in the Portfolio it may adversely affect the ability of the Issuer to make payments on the Notes when due or (if applicable) the ability of the Issuer to meet its obligation under the Transaction Documents. 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 Mortgage Loans, including further amending and extending the scope of the above guidance. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK - FCA response to the cost-of-living crisis*" below.

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**"). The Issuer is a signatory to the Mortgage Charter and has agreed that, among other things, a borrower will not be forced to leave their home without their consent, unless in exceptional circumstances, in less than a year from their first missed payment. In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months (the "**MC Interest-Only Agreement**"); or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the "**MC Extension Agreement**"). These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments only applies to owner-occupied mortgage loans. This may adversely affect the ability of the Issuer to make payments when due on the Notes, or (if applicable) the ability of the Issuer to meet its obligations under the Transaction Documents. Further detail in relation to the Mortgage Charter is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK - Mortgage Charter*" below.

Breathing Space Regulations: The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 came into force on 4 May 2021 (the Breathing Space Regulations). The Breathing Space Regulations established a scheme which gives eligible individuals in England and Wales the ability to apply for a breathing space or mental health crisis moratorium during which creditors may not demand payment of interest or fees that accrue, or enforce a debt owed by the applicant. The Breathing Space Regulations do not apply to mortgages, except for arrears which are uncapitalised at the date of the application for breathing space under the Breathing Space Regulations. There is a risk that delays in the initiation of enforcement action in respect of the Loans may result in lower recoveries and may adversely

affect the ability of the Issuer to meet its obligations under the Transaction Documents. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Breathing Space Regulations*" below.

In Scotland, eligible individuals are afforded similar legal protection under the Bankruptcy (Scotland) Act 2016 although the moratorium period of 42 days is shorter than in England and Wales and does not make any accommodation for mental health crisis.

Consumer Protection from Unfair Trading Regulations 2008*:* the CPUTR prohibits certain practices which are deemed unfair within the terms of the CPUTR. Breach of the CPUTR may lead to liability for misrepresentation or breach of contract in relation to the underlying credit agreements, which may result in irrecoverable losses on amounts to which such agreements apply and which may adversely affect the ability of the Issuer to make payments to Noteholders. Further detail in relation to the CPUTR is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Consumer Protection from Unfair Trading Regulations 2008*" below.

Assured Shorthold Tenancy (AST). Currently, there is a risk where:

(i) a long lease is also an AT/AST due to the level of the ground rent;

(ii) the tenant is in arrears of ground rent for more than three months;

(iii) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and

(iv) the tenant does not manage to reduce the arrears to below three months' ground rent by the date of the court hearing, the long lease will come to an end and the landlord will be able to re-enter the relevant property. This may adversely affect the Issuer's ability to make payments on the Notes. Further detail is included in the section headed "Information Relating to the Regulation of Mortgages in the UK – Assured Shorthold Tenancy (AST)" below.

Loans are subject to any future changes to mortgage regulation

No assurance can be given that additional regulations or guidance from the FCA, the PRA, the Ombudsman, the CMA or any other regulatory authority will not arise with regard to the mortgage market in the UK generally, the Seller's particular sector in that market or specifically in relation to the Seller.

In particular, there remains a level of uncertainty in relation to the new Consumer Duty. The FCA has published final rules on the introduction of a new consumer duty on regulated firms (**Consumer Duty**), which aims to set a higher level of consumer protection in retail financial markets. The FCA published its final rules on the Consumer Duty in July 2022, which provide that the Consumer Duty will apply 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 in respect of products and services for prospective and actual retail customers.

There are three main elements to the Consumer Duty, comprising a new 'Consumer Principle', that "a firm must act to deliver good outcomes for retail customers", three cross-cutting rules supporting the new 'Consumer Principle', and four outcomes, relating to the governance of 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 lifecycle (so in the case of a mortgage loan, from product design, to application and throughout the period the mortgage loan is outstanding). The cross-cutting rules include an obligation to avoid causing foreseeable harm to a 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. All firms must comply with these obligations (as with the remainder of the Consumer Duty) and demonstrate adequate monitoring of customer outcomes.

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 purchasers of in scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty does not have a retrospective effect, the FCA requires firms to apply the Consumer Duty to

existing and closed products and services on a forward-looking basis. It is not yet possible to predict the precise effect of the new Consumer Duty on the Loans with any certainty.

Any such action or developments (whether in relation to the Consumer Duty or otherwise) could lead to a potential increase in civil litigation or claims to the FOS by customers alleging breach of any new or additional regulations or guidance which may have a material adverse effect on the Loans. This may adversely affect the ability of the Issuer to dispose of the Portfolio or any part thereof in a timely manner and/or the realisable value of the Portfolio or any part thereof and accordingly affect the ability of the Issuer to meet its obligations under the Notes. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK*" below.

3. Risks related to the structure

Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption

The yield to maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal and interest on the Loans and the price paid by the Noteholders. This yield to maturity may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Loans. Prepayments on the Loans may result from refinancings or sales of properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgages, as well as the receipt of proceeds under any insurance policies. In addition, the repurchase of Loans required to be made under the Mortgage Sale Agreement because, for example, a Loan does not comply with the Loan Warranties, a Loan relates to a Further Advance or because a Loan is a Non-Compliant Loan will have the same effect as a prepayment of such 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, the competitiveness of replacement products, the impact of whether a Loan imposes an early repayment charge on a Borrower, the end of any incentive periods which a particular Borrower may currently be on, local and regional economic conditions and homeowner mobility. Generally, when market interest rates increase, borrowers are either less likely to prepay their mortgage loans or will choose to refinance them, while, conversely, when market interest rates decrease, borrowers are either likely to prepay their mortgage loans or will not opt to refinance them. Because these and other relevant factors are not within the control of the Issuer, no assurance can be given as to the level of prepayments that the Portfolio will experience.

Payments and prepayments of principal on the Loans will be applied, prior to delivery of a Note Acceleration Notice, on each Interest Payment Date to reduce the Principal Amount Outstanding of the Class A Notes, during the Revolving Period, on a scheduled amortisation basis to the relevant Class A Target Amortisation Amount, and on and following the Revolving Period End Date, a pass-through basis, in each case in accordance with the Pre-Enforcement Principal Priority of Payments.

During the Revolving Period and prior to delivery of a Note Acceleration Notice, payments and prepayments of principal on the Loans may be used (provided that a sufficient amount has been reserved for the Issuer to repay the Class A Notes, on the ensuing Interest Payment Date down to the applicable Class A Target Amortisation Amount) to purchase New Portfolios pursuant to the Mortgage Sale Agreement, such principal amounts will not be used to reduce the Principal Amount Outstanding of the Subordinated Note. Failure to pay an amount equal to the applicable Class A Target Amortisation Amount does not constitute an Event of Default. See "*Cashflows*" below.

However, following the occurrence of a Revolving Period Termination Event, the Revolving Period will terminate and no New Portfolios may be sold to the Issuer. Principal Receipts will then be distributed in accordance with the terms of the applicable Pre-Enforcement Principal Priority of Payments, and the termination of the Revolving Period may adversely affect the yield to maturity on the Notes.

On the Step-Up Date and on any Interest Payment Date thereafter, 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 if a change in tax law results in the Issuer or any Paying Agent being required to make a deduction or withholding for or on account of tax on payments of principal or interest on the Class A Notes.

Following the occurrence of an Event of Default, service of a Note Acceleration Notice and enforcement of the Security, there is no guarantee that the Issuer will have sufficient funds to redeem the Notes in full.

Subordination of the Subordinated Note

The Subordinated Note is subordinated in right of payment of interest and principal to the Class A Notes.

In addition to the above, payments on the Notes are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors and certain third parties. To the extent that the Issuer does not have sufficient funds to satisfy its obligations to all its creditors, the holders of the lower ranking Notes will be the first to see their claims against the Issuer unfulfilled.

However, there is no assurance that these subordination provisions will protect the holders of the more senior classes of Notes (including the Most Senior Class of Notes) from all or any risk of loss. If the Issuer does not have sufficient funds to enable it to make the required payments on the Notes, as the Notes and Transaction Documents include limited recourse provisions (see below under "— *Limited Source of Funds*"), Noteholders will not be able to rely on any other party to the transaction to make payments on the Notes and, as a result, Noteholders may incur a loss of interest and/or principal which would otherwise be due and payable on the Notes.

Deferral of Interest Payments on the Subordinated Note

If, on any Interest Payment Date whilst any of the Class A Notes remain outstanding, 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 Subordinated Note after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer will be entitled under Condition 16 (*Subordination by Deferral*) to defer payment of such amounts (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as interest in respect of the Subordinated Note becomes immediately due and repayable in accordance with the Conditions. Such deferral will not constitute an Event of Default. If no Class A Notes are then outstanding, the Issuer will not be entitled, under Condition 16 (*Subordination by Deferral*), to defer payments of interest in respect of the Subordinated Note.

Failure to pay interest on the Class A Notes, or, if there are no Class A Notes then outstanding, the Subordinated Note, shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security, in which case there is no guarantee that the Issuer will have sufficient funds to redeem the Notes in full.

Limited Recourse

The Notes will be limited recourse obligations of the Issuer. The ability of the Issuer to meet its obligations under the Notes will be dependent upon the receipt by it in full of (a) principal and interest from the Borrowers under the Loans and their Related Security in the Portfolio, (b) payments (if any) due from the Swap Providers, (c) interest income on the Bank Accounts (other than Swap Collateral Accounts) and any Authorised Investments, and (d) funds available in the Liquidity 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. Upon enforcement of the Security by the Security Trustee, if:

(a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;

(b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and

(c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal premium (if any) and interest),

then the Secured Creditors (which include the Noteholders) shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the Notes). As such, amounts available to the Issuer in such circumstances may be insufficient to pay Noteholders in full and any unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

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 as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Deed of Charge.

Seller to Initially Retain Legal Title to the Loans

The sale by the Seller to the Issuer of the English Loans and their Related Security (until legal title is conveyed) takes effect in equity only. The sale by the Seller to the Issuer of the Scottish Loans and their Related Security is given effect to by one or more Scottish Declarations of Trust by the Seller by which such Scottish Loans and their Related Security are held in trust by the Seller for the benefit of the Issuer. In each case, this means that legal title to the Loans and their Related Security in the Portfolio will remain with the Seller until certain trigger events occur under the terms of the Mortgage Sale Agreement. See "*Summary of the Key Transaction Documents — Mortgage Sale Agreement*" below. The Issuer has not and will not apply to the Land Registry to register or record its equitable interest in the English Mortgages and may not in any event apply to the General Register of Sasines or the Land Register of Scotland (as appropriate) (together the **Registers of Scotland**) to register or record its beneficial interest in the Scottish Mortgages pursuant to the Scottish Declarations of Trust.

As a consequence of the Issuer not obtaining legal title to the Loans and their Related Security or the Properties secured thereby, a *bona fide* purchase 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.

Further, prior to the insolvency of the Seller, unless (i) notice of the assignment was given to a Borrower who is a creditor of the Seller in the context of the English Loans and their Related Security and (ii) an assignation of the Scottish Loans and their Related Security is effected by the Seller to the Issuer and notice thereof is then given to a Borrower who is a creditor of the Seller, equitable or independent set-off rights may accrue in favour of the Borrower against his or her obligation to make payments to the Seller under the relevant 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 Borrowers may become entitled to after the transfer. Where notice of the assignment is given to the Borrowers or an assignation is effected and notice thereof is given, however, some rights of set-off may not arise after the date notice is given.

Until notice of the assignment is given to Borrowers or an assignation is effected and notice thereof is given, 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 relevant 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 relevant Loans to the order of the Issuer.

If any of the risks described above were to occur then the realisable value of the Portfolio or any part thereof may be affected which, in turn, may affect the ability of the Issuer to make payments on the Notes.

Once notice has been given to the Borrowers of the assignment or assignation (as appropriate) 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.

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 relevant Loans and their Related Security.

4. Risks related to changes to the structure and documents

Meetings of Noteholders, Modification and Waivers

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. See Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

The Conditions also provide that the Note Trustee may agree and/or may direct the Security Trustee to agree, without the consent of the Noteholders or the other Secured Creditors (but only with the written consent of the Secured Creditors which are a party to the relevant Transaction Document), (i) (other than in respect of a Basic Terms Modification) to any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions of the Notes or any of the Transaction Documents which is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders or (ii) to any modification to the Conditions of any of the Transaction Documents which, in the Note Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error. The Note Trustee may also, without the consent of the Noteholders, if it is of the opinion that such agreement will not be materially prejudicial to the interests of the Noteholders, agree (or direct the Security Trustee to agree) that an Event of Default shall not, or shall not subject to any specified conditions, be treated as such. See Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) below.

Each Swap Provider's written consent is required to modify any Transaction Document to which it is not a party if such modification, in the opinion of that Swap Provider, (I) would materially adversely affect (i) the amount, timing or priority of payments or deliveries due from the Issuer to that Swap Provider or from that Swap Provider to the Issuer or (ii) the validity of any security granted pursuant to the Transaction Documents; or any rights that the relevant Swap Provider has in respect of such security (howsoever described, and including as a result of changing the nature or the scope of, or releasing, such security) or (II) is in respect of the relevant Swap Provider's rights under Condition 12.4 (*Modification*) or clause 21.1 of the Trust Deed. If the prior written consent of the relevant Swap Provider is not sought in such circumstances the relevant Swap Agreement could be terminated in accordance with its terms.

There is no guarantee that any such changes as described above, would not be prejudicial to Noteholders.

Each Noteholder should also note that the Seller or any of its Subsidiaries may from time to time hold Notes issued by the Issuer. Pursuant to the terms of the Trust Deed, and subject to certain exceptions, the Notes held or controlled for or by the Seller or any of its Subsidiaries will not be taken into account by the Note Trustee for the purposes of: (i) the right to attend and vote at any meeting of the Noteholders of any Class or any written resolution; (ii) the determination of how many and which Notes are outstanding for the purposes of action and proceedings by the Note Trustee, meetings of the Noteholders, events of default and enforcement; (iii) any discretion, power or authority which the Note Trustee is required to exercise by reference to the interests of the Noteholders of any Class; and (iv) the determination by the Note Trustee of whether something is materially prejudicial to the interests of the Noteholders of any Class. This however would not be applicable in the event the Seller or any of its Subsidiaries are holding 100% of the relevant Class of Notes.

The Note 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 and to direct the Security Trustee to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification, provided however that any Base Rate Modification or Swap Rate Modification shall not constitute 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 (in each case) considers necessary (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer to (a) comply with any obligations which apply to it under Regulation 648/2012 of 4 July 2012 as it forms part of the domestic law by virtue of the EUWA (**UK EMIR**), (b) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies, (c) comply with any changes in the UK Retention Requirement, (d) comply

with the UK Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation (e) list (or maintain the listing of) the Class A Notes on the London Stock Exchange, (f) comply with FATCA, (g) comply with any applicable liquidity coverage requirements, or (j) comply with any changes in the requirements of the UK CRA Regulation or the EU CRA Regulation and (k) changing the base rate on the relevant Notes from SONIA to an Alternative Base Rate to the extent that there has been or that there is reasonably expected to be a material disruption or cessation to SONIA or an alternative means of calculating a SONIA-based rate of interest is introduced and becomes a standard method of calculating interest for similar transactions, subject, in each case, to certain notification, certification and ratings requirements, including that following notification, the Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Controlling Class have not contacted the Issuer within the relevant period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Controlling Class have notified the Issuer that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Controlling Class is passed in favour of such modification in accordance with Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification if it would have the effect of exposing the Note Trustee (and/or the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or increasing the obligations or duties, or decreasing the protections of the Note Trustee (and/or Security Trustee) in the Transaction Documents and/or the Conditions of the Notes.

See further Condition 12.5 (*Additional Right of Modification*) below. There can be no assurance that the effect of such modifications to the Transaction Documents will not adversely affect the interests of the holders of one or more or all Classes of Notes.

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Controlling Class of Notes or if so directed by an Extraordinary Resolution of the Noteholders of the Controlling Class of Notes, shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), give a Note Acceleration Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

The Note Trustee may and may direct the Security Trustee to, at any time, at their discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes or the Trust Deed (including the Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) the other Transaction Documents to which it is a party and at any time after the service of a Note Acceleration Notice, the Security Trustee may, without notice, take such steps, actions or proceedings as it may think fit to enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings, actions or steps including, but not limited to, the giving of a Note Acceleration Notice in accordance with Condition 10 (*Events of Default*) unless:

(a) in the case of the Note Trustee, it shall have been directed to do so by Extraordinary Resolution(s) of the Noteholders of the Controlling Class;

(b) in the case of the Security Trustee, it shall have been directed to do so in writing by the Note Trustee; and

(c) in either case it shall have been indemnified and/or secured and/or prefunded to its satisfaction,

provided that the Note Trustee or the Security Trustee shall not, and shall not be bound to, act at the direction of the Subordinated Noteholder as aforesaid so long as any Class A Notes are outstanding. If the Note Trustee does not use its discretion where it has not been directed as described above, it may adversely affect the ability of the Issuer to make payments on the Notes following the service of a Note Acceleration Notice. See Condition 10 (*Events of Default*) below.

Conflict Between Noteholders

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

If, in the Note Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one Class of Notes and the holders of another Class of Notes, the Note Trustee will be required to have regard only to the holders of the Class A Notes and will not have regard to any lower ranking Class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds in accordance with the relevant Priority of Payments.

As a result, holders of Notes other than the Controlling Class may not have their interests taken into account by the Note Trustee or the Security Trustee when the Note Trustee or the Security Trustee exercises discretion.

Investors should also be aware that the Seller will, on the Closing Date, purchase the Subordinated Note in order to comply with the UK Retention Requirement. The Seller or its affiliates are under no obligation to consider the interests of other Noteholders when exercising their rights under the Subordinated Note (with respect to not only the Subordinated Note but also any other Notes which they may own) and may exercise voting rights in respect of the Notes held by it in a manner that may be prejudicial to other Noteholders. The Subordinated Note will be subject to the Interests of the Controlling Class.

The Conditions also provide for resolutions of Noteholders to be passed by Written Resolution of the Controlling Class, including resolutions that amend, reduce or cancel certain rights of the Noteholders against the Issuer, and the Trust Deed provides that any resolution passed by the Controlling Class will be binding on the other Classes. In the event that the Note Trustee receives conflicting or inconsistent directions or requests from two or more groups of holders of the Controlling Class, the Note Trustee will give priority to the group which holds the greatest principal amount of Notes outstanding of the Controlling Class. The rights of Noteholders under the Trust Deed are subject in such situations to the Written Resolutions of the Controlling Class.

The Class A Notes will be the Controlling Class for so long as any Class A Notes are outstanding. When the Class A Notes have been paid in full, the Subordinated Note will be the Controlling Class. For certain purposes set out in Condition 2.1 (*Form and Denomination*), 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 and any Subsidiary of the Seller, 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 any 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 as set out in Condition 2.1 (*Form and Denomination*).

Therefore, so long as the Class A Notes are the Controlling Class, the Controlling Class may not have regard to the interests of the Subordinated Note when passing resolutions that amend, reduce or cancel certain rights of such Noteholders against the Issuer.

5. Counterparty risks

Issuer Reliance on Third Parties

The Issuer is party to contracts with a number of third parties in addition to TSB Bank, as Servicer and Cash Manager, who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Issuer Account Bank has agreed to provide the Issuer Transaction Account pursuant to the Bank Account Agreement, the Custodian has agreed to provide the Swap Collateral Accounts to the Issuer pursuant to the Custody Agreement, the Swap Providers have agreed to provide hedging to the Issuer pursuant to the Swap Agreements, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement and has been appointed to act as Back-Up Servicing Facilitator in accordance with the Servicing Agreement and the Paying Agents and the Agent Bank have all agreed to provide services with respect to the Notes pursuant to the Agency Agreement. A third party may be unable to perform its obligations under the agreements to which it is a party as a result of factors outside of its control, including disruptions due to technical difficulties and local, national and/or global macroeconomic factors (such as epidemics). 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, then the Issuer may be unable to perform its obligations under the Notes, including its obligations to make timely payments on the Notes.

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) are required to satisfy certain criteria in order to continue to be a counterparty to the Issuer.

These criteria include requirements imposed by the FCA under the FSMA and requirements in relation to the short-term, unguaranteed and unsecured ratings ascribed to such party by Moody's and Fitch. If the party concerned ceases to satisfy the applicable criteria, including any ratings criteria, 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 agree to amend or waive certain 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 or waivers.

The Interest Rate Swap Agreement and Back-up Swap Agreement

On the Closing Date, the Issuer will enter into the Interest Rate Swap Agreement with the Interest Rate Swap Provider. In addition, on the Closing Date, the Issuer will enter into the Back-up Swap Agreement with the Back-up Swap Provider.

The Issuer is exposed to the risk that a Swap Provider may become insolvent. Therefore, the Issuer will be subject to the credit risk of the Swap Providers. To mitigate the credit risk of the Interest Rate Swap Provider, the Issuer will enter into the Back-up Swap Agreement with the Back-up Swap Provider having the Required Swap Ratings as of the Closing Date.

If a Back-up Swap Trigger Date occurs under the Back-up Swap Agreement, the notional amount under the Back-up Swap will increase from zero to an amount equal to the notional amount that would have been calculated under the Interest Rate Swap but for its termination. In such circumstances, the risk mitigation provided pursuant to the Interest Rate Swap Agreement will instead be provided by the Back-up Swap Provider under the Back-up Swap Agreement and the Interest Rate Swap will be terminated. Although the Back-up Swap has substantially similar key commercial terms as the Interest Rate Swap, please see "*Credit Structure — Back-up Swap Agreement*" for more information on the differences between the two swap transactions.

The Interest Rate Swap Agreement and the Back-up Swap Agreement will both become effective on the Closing Date. Each Swap Agreement contains certain rights for both the Issuer and the relevant Swap Provider to early terminate the transactions thereunder.

In the event that the Back-up Swap Provider suffers a rating downgrade below the Required Swap Rating, the Issuer may terminate the Back-up Swap if the Back-up Swap Provider, fails within a set period of time, to take certain actions intended to mitigate the effects of such downgrade.

Such actions may include the Back-up Swap Provider collateralising its obligations under the Back-up Swap Agreement, transferring its obligations to a replacement swap counterparty having the applicable Required Swap Ratings or procuring that an entity with the Required Swap Ratings becomes a co-obligor with or guarantor of the Back-up Swap Provider. However, in the event the Back-up Swap Provider is downgraded below the Required Swap Rating there can be no assurance that a co-obligor, guarantor or replacement swap counterparty will be found or that the amount of collateral provided will be sufficient to meet the obligations of the Back-up Swap Provider.

If such Early Termination Event occurs and a replacement swap agreement is entered into, this may be on terms less favourable to the Issuer and therefore may mean that reduced amounts are available for distribution

by the Issuer to the Class A Noteholders. The Issuer also may not be able to enter into a replacement swap agreement with a replacement swap counterparty immediately or at a later date. If a replacement swap counterparty cannot be found, the funds available to the Issuer to pay interest on the Class A Notes will be reduced if the interest revenues received by the Issuer from the Loans are substantially lower than the rate of interest payable by it on the Class A Notes. In these circumstances, the Class A Noteholders may experience delays and/or reductions in the interest and principal payments to be received by them, and the Class A Notes may also be downgraded.

If, following the occurrence of the Back-up Swap Trigger Date, the Back-up Swap is terminated or the Back-up Swap Provider becomes insolvent, the Issuer will endeavour but may not be able to enter into a replacement swap agreement with a replacement swap counterparty immediately or at a later date. If the Issuer has insufficient funds to enter into a replacement swap agreement for any period of time or a replacement swap counterparty cannot be found, the Issuer will no longer be hedged against interest rate risk for the Fixed Rate Loans in the Portfolio and as a result the amount available to the Issuer may be insufficient to make the payments of interest on Class A Notes will be reduced if the floating rate applicable to the Class A Notes exceeds the fixed rate the Issuer would have been required to pay to the Back-up Swap Provider under the terminated Back-up Swap Agreement. In these circumstances, the Available Revenue Receipts may be insufficient to make the required payments on the Class A Notes and the Class A Noteholders may experience delays and/or reductions in the interest and principal payments on the Class A Notes to be received by them. In addition, a failure to enter into replacement swap agreements may result in the reduction, qualification or withdrawal of the then current ratings of the Class A Notes by the Rating Agencies.

Termination Payments under the Interest Rate Swap and/or Back-up Swap

The Swap Agreements will each provide that, upon the occurrence of certain events, the transactions under the relevant Swap Agreement (including the Interest Rate Swap and the Back-up Swap, as applicable) may terminate and a termination payment by either the Issuer or the relevant Swap Provider may be payable, depending on, among other things, the terms of such transactions and the cost of entering into a replacement transaction at the time. Any termination payment due by the Issuer other than a Swap Excluded Termination Amount (and to the extent not satisfied by any applicable Replacement Swap Premium, by the Back-up Swap Activation Upfront Amount if such amount is due and payable by the Back-up Swap Provider to the Issuer or by the Swap Step-in Activation Upfront Amount or, in certain circumstances and/or to a limited extent, amounts standing to the credit of any Swap Collateral Account(s), if any, which shall in each case be paid directly by the Issuer to the relevant Swap Provider), will rank senior to payments in respect of the Notes and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full. Swap Excluded Termination Amounts will rank prior to payments in respect of the Subordinated Note and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it to the holder of the Subordinated Note. If any termination amount is payable, payment of such termination amount may adversely affect amounts available to pay interest and principal on all the Notes.

Any additional amounts required to be paid by the Issuer following termination of the Interest Rate Swap and/or the Back-up Swap, as applicable (including any extra costs incurred in entering into replacement swaps) will also rank prior to payments in respect of the Notes. This may adversely affect amounts available to pay interest and principal on all the Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating of the swap provider for the replacement transactions.

Interest Rate Risk

The Loans in the Portfolio are subject to variable and fixed interest rates while the Issuer's liabilities under the Notes are based on Compound Daily SONIA.

To hedge its interest rate exposure in relation to the Fixed Rate Loans in the Portfolio, the Issuer will enter into the Swap Agreements with the Interest Rate Swap Provider and the Back-up Swap Provider, as applicable, on the Closing Date. As of the date of this Prospectus, the Issuer has not hedged its interest rate exposure in relation to Tracker Rate Loans or Discretionary Rate Loans in the Portfolio and an increase in the rate of Compound Daily SONIA relative to the interest rates payable on these Loans could result in the Issuer having insufficient funds to make payment under the Notes.

A failure by a Swap Provider to make timely payments of amounts due under a Swap Agreement will constitute a default under the relevant Swap Agreement. Each Swap Agreement provides that the Sterling amounts owed by the applicable Swap Provider on any payment date under the Interest Rate Swap or the Back-up Swap, as applicable (which corresponds to an Interest Payment Date) may be netted against the Sterling amounts owed by the Issuer to such Swap Provider on the same payment date. Accordingly, (i) if the amounts owed by the Issuer to a Swap Provider on a payment date are greater than the amounts owed by such Swap Provider to the Issuer on the same payment date, then the Issuer will pay the positive difference to such Swap Provider on such payment date; (ii) if the amounts owed by a Swap Provider to the Issuer on a payment date are greater than the amounts owed by the Issuer to such Swap Provider on the same payment date, then such Swap Provider will pay the positive difference to the Issuer on such payment date; and (iii) if the amounts owed by both parties under a Swap Agreement are equal on a payment date, neither party will make a payment to the other on such payment date. To the extent that a Swap Provider defaults on its obligations under the relevant Swap Agreement to make payments to the Issuer in Sterling on any payment date under the Interest Rate Swap or Back-up Swap, as applicable (which corresponds to an Interest Payment Date), the Issuer will be exposed to the possible variance between various fixed rates of interest payable on the Fixed Rate Loans in the Portfolio and a rate of interest calculated by reference to Compound Daily SONIA. Further, if a Swap Provider fails to pay any amounts or make any deliveries when due under the relevant Swap Agreement, the Available Revenue Receipts may be insufficient to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest payments due to be received by them.

Certain Material Interests

The Arranger and the Joint Lead Managers are global financial institutions that provide a wide range of financial services to a diversified global client base. As such, the Arranger or the Joint Lead Managers may be involved in a broad range of transactions both for their own account and that of other persons which may result in actual or potential conflicts of interest arising in the ordinary course of business.

Citigroup Global Markets Limited is acting as Arranger. Citigroup Global Markets Limited, Sabadell, BNP Paribas, Santander and BofA Securities are acting as Joint Lead Managers. TSB Bank plc will act as Interest Rate Swap Provider. Lloyds Bank Corporate Markets Plc will act as Back-up Swap Provider. The Bank of New York Mellon, London Branch will act as the Issuer Account Bank, the Principal Paying Agent and the Agent Bank.

CSC Capital Markets UK Limited will act as Back-Up Servicing Facilitator and Corporate Services Provider. Other parties to the transaction may also perform multiple roles, including TSB, who will act as (among other roles) the Servicer, the Dematerialised Note Registrar and the Cash Manager.

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: (i) having previously engaged or in the future engaging in transactions with other parties to the transaction; (ii) having multiple roles in this transaction; and/or (iii) carrying out other roles or transactions for third parties. 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, Noteholders may be adversely affected.

6. Macroeconomic and market risks

Limited Secondary Market for Loans

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of an Event of Default (as defined in the Conditions) 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. There is not, at present, an active and liquid secondary market for mortgage loans of this type in the United Kingdom. There can be no assurance that a secondary market for the Loans will develop or, if a secondary market does develop, that it will provide sufficient liquidity of investment for the Loans to be realised or that any such secondary market will continue for the life of the Notes. The Issuer, and following the enforcement of the Security, the Security Trustee, may not, therefore, be able to sell the Loans for an amount sufficient to

discharge amounts due to the Secured Creditors (including the Noteholders) in full should they be required to do so. Any investor in the Notes must be prepared to hold their Notes until their Final Legal Maturity Date.

In addition, the secondary market for mortgage-backed securities has in the past experienced significant disruptions resulting from, among other things, reduced investor demand for such securities. This has resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing very limited liquidity during such severe disruptions. Limited liquidity in the secondary market could have a material adverse effect on the market value of mortgage-backed securities including the Notes issued by the Issuer, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. It is not known whether such disruptions to the market will reoccur. Consequently, an investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

None of the Notes have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale*" and "*Transfer Restrictions*".

Lack of liquidity in the secondary market may adversely affect the market value of the Class A Notes

No assurance is provided that there is an active and liquid secondary market for the Class A 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. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until their Final Legal 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.

The secondary market for mortgage-backed securities has experienced disruptions as a result of economic conditions in the Eurozone. This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Class A Notes experiencing limited liquidity. In the future, 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.

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

Any increase in interest rates may adversely affect the ability of Borrowers to pay interest or repay principal on their Loans. Borrowers with a Loan subject to a variable rate of interest or 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, may ultimately result in higher delinquency rates, defaults 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 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 Properties to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, defaults, slower prepayment speeds and higher losses which could have an adverse effect on the Issuer's ability to make payments under the Notes.

Lowering or Withdrawal of Ratings Assigned to the Class A Notes

The ratings assigned by Moody's and Fitch to the Class A Notes address the likelihood of full and timely payment to Noteholders of the Class A Notes of all payments of interest on each interest payment date under

that Class of Notes in accordance with the terms of the Transaction Documents and the applicable Conditions. The expected ratings also address the likelihood of "ultimate" payment of principal by the Final Legal Maturity Date of the Class A Notes. The ratings of the Class A Notes expected to be assigned on the Closing Date are set out on the cover of this Prospectus and under "*Ratings*" below.

A credit rating is not a recommendation to buy, sell or hold securities and any rating agency may lower, qualify or withdraw its rating if, in the sole judgment of the rating agency, the credit quality of such class has declined or is in question or other circumstances (including, without limitation, a reduction in the credit rating of the Issuer Account Bank, the Interest Rate Swap Provider or the Back-up Swap Provider) in the future so warrant. If any rating assigned to the Class A Notes then outstanding is lowered, qualified or withdrawn, the market value of the Class A Notes may be reduced.

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 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. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Class A Notes.

Agencies other than the Rating Agencies could seek to rate the Class A Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Class A Notes. For the avoidance of doubt and unless the context otherwise requires, any references to ratings or rating in this Prospectus are to ratings assigned by the specified Rating Agency only.

The Subordinated Note will not be rated by the Rating Agencies.

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

As at the date of this Prospectus, each of Moody's and Fitch is a credit rating agency established in the UK and registered under the UK CRA Regulation.

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 (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) 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 agency 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.

Decline in House Prices may Adversely Affect the Performance and Market Value of the Notes

The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in the residential property values in the United Kingdom. If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes.

The Issuer cannot guarantee that the value of a Property provided in the indexed valuation related to such Property will remain at the same level as on the Reference Date. Downturns in the United Kingdom economy generally have a negative effect on the housing market. A fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem the outstanding loan. If the value of the Related Security backing 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.

Should house prices decline, some Borrowers may have insufficient equity to refinance their Loans with lenders other than the Seller and/or may revert to a reversionary rate or a replacement rate which is higher than their previous interest rate meaning they 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.

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

Investors should be aware that the market continues to develop in relation to the Sterling Overnight Index Average ("**SONIA**") as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups continue to explore alternative reference rates based on SONIA, including compounded rates and weighted average rates and observation methodologies for such rates (including so-called 'shift', 'lag' and 'lock-out') and such groups may also explore forward looking term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). 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. Equally in such circumstances it may be difficult for the Issuer to find any future required replacement swap provider to properly hedge its interest rate exposures should either Swap Provider need to be replaced and the Notes at that time use an application of SONIA that differs from products then prepared to be hedged by such replacement swap providers. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant SONIA Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes. Some investors may be unable or unwilling to trade Notes which reference a SONIA rate without changes to their IT systems which 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 and 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 Notes referencing SONIA. Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

Changes or uncertainty in respect of SONIA may affect payments under the Swap Agreements and the value or payment of interest under the Notes

Various interest rates and other indices which are deemed to be "benchmarks", including SONIA, are the subject of national, international and other regulatory reforms and proposals for reform, including Regulation (EU) 2016/1011 (as it forms part of domestic law by virtue of the EUWA) (the "**UK Benchmarks Regulation**"). These reforms may cause such benchmarks to perform differently than in the past (as a result of a change in methodology or otherwise), disappear entirely, create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Under the UK Benchmarks Regulation, in general, certain requirements will apply with respect to the provision of a wide range of benchmarks, the contribution of input data to a benchmark and the use of a benchmark. In particular, the UK Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to benefit from an equivalence decision adopted by the UK and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by UK-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK-based, that do not benefit from an equivalence decision adopted by the UK).

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

(i) 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;

(ii) while an amendment may be made under Condition 12.5 (Additional Right of Modification) to change the SONIA rate on the Class A Notes and the applicable base rate under a Swap Agreement to an alternative base rate under certain circumstances broadly related to SONIA disruption or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Class A Notes and the Swap Agreements or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant; and

(iii) if SONIA is discontinued, and whether or not an amendment is made under Condition 12.5 (Additional Right of Modification) to change the SONIA rate on the Class A Notes and the applicable base rate under the Swap Agreements as described in paragraph (ii) above, there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate so as to ensure that the base floating interest rate used to determine payments under the Swap Agreements is the same as that used to determine interest payments under the Notes, or that any such amendment made under Condition 12.5 (Additional Right of Modification) would allow the Swap Agreements to effectively mitigate interest rate risks on the Class A Notes.

Investors should note the various circumstances under which a Base Rate Modification and a Swap Rate Modification may be made, which are specified in Conditions 12.5 (Additional Right of Modification)). As noted above, these events broadly relate to SONIA's disruption or discontinuation, but also include, *inter alia*, any public statements by the SONIA administrator or its supervisor to that effect, and a Base Rate Modification and/or a Swap Rate Modification may also be made if the Servicer (on behalf of the Issuer) reasonably expects any of these events to occur within six months of the proposed effective date of such Base Rate Modification and/or a Swap Rate Modification. A Base Rate Modification and/or a Swap Rate Modification may also be made if an alternative means of calculating a SONIA-based base rate is introduced which becomes a standard means of calculating interest for similar transactions. Investors should also note the various options permitted as an Alternative Base Rate as set out in Condition 12.5 (Additional Right of Modification), which include, *inter alia*, a base rate utilised in a publicly-listed new issue of sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is an affiliate of TSB Bank or such other base rate as the Servicer (on behalf of the Issuer) reasonably determines. Investors should also note the negative consent requirements in relation to a Base Rate Modification (as to which, see "— *Meetings of Noteholders, Modification and Waivers*" above).

When implementing any Base Rate Modification or any Swap Rate Modification, the Note 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 (including, but not limited to, a Base Rate Modification Certificate or a Swap Rate Modification Certificate) or other evidence (including, but not limited to, a Ratings Confirmation) provided to them by the Issuer or the Servicer, as the case may be, pursuant to Condition 12.5 (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.

More generally, any of the above matters (including an amendment to change the SONIA rate as described in paragraph (iii) 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 adjustment to the Conditions, early redemption, delisting or other consequence in relation to the Class A Notes. No assurance may be provided that relevant changes will not be made to SONIA or any other relevant benchmark rate and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Notes in making any investment decision with respect to the Notes.

Ratings Confirmation in respect of the Class A Notes

The terms of certain Transaction Documents require the parties to such Transaction Documents to obtain confirmation from the Rating Agencies that any action proposed to be taken by the Note Trustee, the Security Trustee or the Issuer, will not have an adverse effect on the then current rating of the Class A Notes (a **Ratings Confirmation**).

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 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 calendar 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 Cash Manager on behalf of the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in sub-paragraph (i)(A) or (i)(B) and sub-paragraph (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 within 30 calendar days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Class A Notes as a result of the action or step. Such a downgrade, qualification or withdrawal of the then current ratings of the Class A Notes may have an adverse effect on the value of the Class A Notes.

The Note Trustee and the Security Trustee shall be entitled to rely without liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to Condition 18 (*Non-Responsive Rating Agency*). The Note Trustee and the Security Trustee shall not be required to investigate any action taken by the Issuer or such Non-Responsive Rating Agency and shall treat the applicable condition or requirement to receive a Ratings Confirmation or response from each Rating Agency as having been modified with the consent of all Noteholders and all parties to the relevant Transaction Documents so that there shall be no requirement for such Ratings Confirmation or response from the Non-Responsive Rating Agency.

7. Legal and regulatory risks related to the structure and the Notes

Change of Law

The structure of the transaction 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 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 the Issuer 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 administrative 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.

Regulatory Initiatives may have an Adverse Impact on the Regulatory Treatment of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or on 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, the Arranger, any Joint Lead Manager or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the date of purchase or at any time in the future.

Investors should note in particular that the Basel Committee on Banking Supervision (**BCBS**) has approved a series of significant changes to the Basel framework for prudential regulation (such changes being referred to by the BCBS as Basel III, and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 **Solvency II** frameworks in Europe and the UK, both of which are under review and subject to further reform. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

Non-compliance with the securitisation regulation regimes in the EU and/or the UK, as applicable, may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity of the Notes

The EU Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019 and, from 9 April 2021, the EU Securitisation Regulation applies as amended by Regulation (EU) 2021/557. However, some legislative measures necessary for the full implementation of the EU Securitisation Regulation regime have not yet been finalised or have not yet entered into force and compliance with certain requirements may be subject to the application of transitional provisions. In addition, further amendments are expected to be introduced to the EU Securitisation Regulation regime as a result of its periodic wider review. In this regard it should be noted that the European Securities and Markets Authority is currently reviewing the EU reporting regime in response to the European Commission's report of October 2022.

The EU Securitisation Regulation establishes certain common rules for all securitisations that fall within its scope (including with respect to the recasting of pre-1 January 2019 risk retention and investor due diligence regimes).

The EU Securitisation Regulation has direct effect in member states of the EU and once the EU Securitisation Regulation is incorporated into the EEA Agreement, it will apply more broadly in the EEA, including Iceland, Norway and Liechtenstein.

Following the UK's withdrawal from the EU at the end of 2020, the UK Securitisation Regulation applies in the UK and it largely mirrors (with some adjustments) the EU Securitisation Regulation as it applied in the EU at the end of 2020. However, the currently applicable UK regime will be revoked and replaced with a new recast regime as a result of the UK post-Brexit move to “A Smarter Regulatory Framework for financial services”. The new UK Securitisation Regulation regime will be introduced under the Financial Services and Markets Act 2000, as amended by the Financial Services Markets Act 2023 (**FSMA**) and related thereto (i) the Securitisation Regulations 2024 (SI 2024/102), as amended (**2024 UK SR SI**); as well as (ii) the new securitisation rules of the Prudential Regulation Authority (**PRA**) and the Financial Conduct Authority (**FCA**) (**PRA Securitisation Rules** and **FCA Securitisation Rules**, collectively (**PRA/FCA 2023 Securitisation Rules**). It should be noted that the implementation of the UK Securitisation Regulation reforms is a protracted process and will be introduced in phases. It is expected that in the first phase, the proposed amendments will be finalised and become applicable in Q2 2024 and it is also expected that, in Q3/Q4 2024, there will be a phase two to the reforms whereby the UK government, the PRA and the FCA will consult on further changes including, but not limited to, the recast of the transparency and reporting requirements. Note that these reforms

will apply to new securitisations closed on or after 1 November 2024 and investments made in securitisation positions by the UK institutional investors on or after that date. In addition, these reforms also have potential implications for securitisations in-scope of the UK Securitisation Regulation that closed prior to 1 November 2024. Therefore, at this stage, the timing and all of the details for the implementation of these reforms are not yet fully known and the outcome of ongoing and any new consultations on such reforms will be unfolding in the course of this year and beyond. Please note that some divergence between EU and UK regimes exists already. While the UK Securitisation Regulation reforms propose some alignment with the EU regime, these reforms also introduce new points of divergence and the risk of the HM Treasury issued a report on this review in December 2021 outlining a number of areas where legislative changes may be introduced in due course. Further divergences between EU and UK regimes cannot be ruled out in the longer term as it is not known at this stage how the ongoing reforms or any future reforms will be finalised and implemented in the UK or the EU.

The EU Securitisation Regulation and/or the UK Securitisation Regulation requirements will apply to the relevant institutional investors. As such, certain European-regulated institutional investors or UK-regulated institutional investors, which include relevant credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 of the EU Securitisation Regulation or Article 5 of the UK Securitisation Regulation, as applicable, with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify under their respective EU or UK regime certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements and, on transactions notified as EU STS or UK STS, compliance of that transaction with the EU STS requirements or UK STS requirements, as applicable.

Note that under the reforms to the UK Securitisation Regulation mentioned above, the recast of the investor due diligence provisions will result in a more fragmented implementation of such requirements so that different type of UK institutional investor (depending on how and by which UK regulator they are authorised or supervised) will need to refer to either the provisions on investor due diligence in the 2024 UK SR SI, or such provisions in the PRA Securitisation Rules or the FCA Securitisation Rules. While the recast of the requirements (which broadly builds on the existing requirements of Article 5 but with some material divergence from the EU Article 5 requirements, in particular around due diligence on transparency and the delegation of the investment decision to another investor) is fragmented, it is intended to ensure coherence of the overall framework.

If the relevant European- or UK-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of the requirements, as applicable to them under their respective EU or UK regime, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take a corrective action, in the case of a certain type of regulated fund investors.

Aspects of the requirements of the EU Securitisation Regulation and the UK Securitisation Regulation (including certain aspects of the UK reforms) and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of the requirements (including any changes arising as a result of the reforms) applicable to them in their respective jurisdictions and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements under the EU Securitisation Regulation (and any corresponding national measures which may be relevant) or the UK Securitisation Regulation. None of the Issuer, the Arranger, the Joint Lead Managers, or any Transaction Party: (i) makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes, (ii) should have any liability to any prospective investor or any other person for any insufficiency of such information or any failure of the transactions contemplated herein to comply with or otherwise satisfy the requirements of the UK Securitisation Regulation, the EU Securitisation Regulation or any other applicable legal, regulatory or other requirements, or (iii) shall have any obligation (other than the obligations in respect of Article 6 of the UK Securitisation Regulation and (as such legislation is in force as at the Closing Date) Article 6 of the EU Securitisation Regulation undertaken by the Seller) to enable compliance with the requirements of the UK Securitisation Regulation and the EU Securitisation Regulation or any other applicable legal, regulatory or other requirements. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of the UK Retention

Requirement and the EU Retention Requirement in their relevant jurisdiction. Investors, who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

Various parties to the securitisation transaction described in this Prospectus (including the Issuer and the Seller) have contractually elected and agreed to comply with the requirements of the EU Securitisation Regulation relating to the risk retention, transparency and reporting as such requirements interpreted and applied solely on the Closing Date. Prospective investors should therefore note that the obligation of the Seller to comply with the EU Securitisation Regulation is strictly contractual and the Seller has elected to comply with such requirements in its discretion and such obligations apply until such time when TSB Bank is able to certify to the Issuer and the Note Trustee that a competent EU authority has confirmed that the satisfaction of the relevant UK requirement, will also satisfy the relevant EU requirement due to the application of an equivalence regime or similar analogous concept. In addition, in the event that, after the Closing Date, there are any amendments or changes to the EU Reporting Requirements, and TSB Bank is or would be unable to comply with the EU Reporting Requirements (as if such provisions were applicable to it) following such amendments or changes coming into effect, the Seller may elect not to comply with the EU Reporting Requirements as so amended or changed. Investors should therefore note that if the Seller is unable 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.

No representation, warranty or covenant (express or implied) is made by the Issuer, TSB Bank, the Arranger, the Joint Lead Managers or any other person as to whether or not the Notes or the transactions described in this Prospectus comply with the EU Securitisation Regulation.

Non-compliance with the UK Securitisation Regulation and/or the EU Securitisation Regulation could adversely affect the regulatory treatment of the Notes and the market value and/or liquidity of the Notes in the secondary market.

Prospective investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisors in this respect.

Simple, Transparent and Standardised (STS) Securitisations

The UK Securitisation Regulation (and the UK CRR) includes provisions that implement the revised securitisation framework developed by BCBS (with adjustments) and provides, among other things, for harmonised foundation criteria and procedures applicable to securitisations seeking designation as UK STS securitisation.

The UK STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment from the perspective of the applicable UK regulatory regimes, such as the prudential regulation of UK CRR firms and UK Solvency II firms, and from the perspective of the UK EMIR regime, as to which investors are referred to the risk factor entitled "UK EMIR".

It is intended that a UK STS Notification will be submitted to the FCA by TSB Bank, as originator. The UK STS Notification, once notified to the FCA, will be available for download on the FCA STS Register website. TSB Bank and the Issuer have used the services of PCS UK to carry out the UK STS Verification and UK STS Additional Assessments. It is expected that the UK STS Verification and the UK STS Additional Assessments prepared by PCS UK will be available on its website at (https://pcsmarket.org/sts-verification-transactions/). For the avoidance of doubt, the website of PCS UK and the contents of that website do not form part of this Prospectus.

However, no assurance can be given that the Notes will, on the Closing Date, be compliant and thereafter remain compliant, because the UK STS Requirements may change over time. In addition, no assurance can be given on how the FCA will interpret and apply the UK STS Requirements or other related regulations such as the Regulation (EU) No. 575/2013 as it forms part of domestic law of the United Kingdom by virtue of EUWA (**UK CRR Regulation**) as amended by Regulation (EU) 2017/2401 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the **UK CRR Amendment Regulation**) and 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 domestic law of

the United Kingdom by virtue of the EUWA (the **UK LCR Regulation**), and what is or will be required to demonstrate compliance to national regulators remains unclear, any international or national regulatory guidance may be subject to change and, therefore, what is or will be required to demonstrate compliance with the UK STS Requirements to national regulators remains unclear.

The relevant institutional investors are required to make their own assessment with regard to compliance of the securitisation with the UK STS requirements and such investors should be aware that non-compliance with the UK STS requirements and the change in the UK STS status of the Notes may result in the loss of better regulatory treatment of the Notes under the applicable UK regulatory regime(s), including in the case of prudential regulation, higher capital charges being applied to the Notes and may have a negative effect on the price and liquidity of the Notes in the secondary market. In addition, non-compliance may result in various sanctions and/or remedial measures being imposed on the relevant transaction parties, including the Issuer and the Seller, which may have an impact on the availability of funds to pay the Notes.

It is important to note that the involvement of PCS UK is not mandatory and the responsibility for compliance with the UK Securitisation Regulation (or, if applicable, the EU Securitisation Regulation) remains with the relevant institutional investors, originators, sponsors and issuers, as applicable in each case. A UK STS Verification (and/or UK STS Additional Assessments) will not absolve such entities from making their own assessments with respect to the UK Securitisation Regulation (or, if applicable the EU Securitisation Regulation) and other relevant regulatory provisions, and an UK STS Verification (and/or UK STS Additional Assessments) cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities.

The transaction does not (and will not) fall within the simple, transparent and standardised regime of the EU Securitisation Regulation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act

Legislation and regulations adopted by the United States federal government following the financial crisis continue to create uncertainty in the credit and other financial markets. These actions include, but are not limited to, the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the **Dodd-Frank Act**), which imposed a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general, and the adoption of its related regulations. In addition, there is also uncertainty regarding the nature and timing of additional regulations that are required under the Dodd-Frank Act but have yet to be promulgated. Given the broad scope and sweeping nature of these changes, significant unresolved questions regarding the proper application of the regulations that have been adopted and the fact that final implementing rules and regulations have not yet in certain cases been enacted or come into effect, the potential impact of these actions on the Issuer, any of the Notes or any owners of interests in the Notes is unknown, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the Issuer or the value or marketability of the Notes. In particular, if existing transactions are not exempted from any such new rules or regulations, the costs of compliance with such rules and regulations could have a material adverse effect on the Issuer and the Noteholders.

Pursuant to the Dodd-Frank Act, regulators in the United States have promulgated or are expected to promulgate a range of new regulatory requirements that may affect the pricing, terms and compliance costs associated with swap transactions and the availability of such swap transactions that may be entered into by the Issuer from time to time. The Dodd-Frank Act also significantly expands the coverage and scope of regulations that limit affiliate transactions within a banking organisation, including coverage of the credit exposure on derivatives transactions, repurchase and reverse repurchase agreements and securities borrowing and lending transactions. Some or all of the Swap Agreements may be affected by (i) requirements for central clearing with a derivatives clearinghouse organisation, (ii) initial or variation margin requirements of clearing organisations or initial or variation margin requirements with respect to uncleared swaps and (iii) swap reporting and recordkeeping obligations, and other matters. These new requirements may significantly increase the cost to the Issuer of entering into any hedge transactions, including the Interest Rate Swap and/or the Back-up Swap, resulting in a material adverse effect on the Issuer and the Noteholders.

Furthermore, regulations requiring the posting of variation margin on uncleared swaps entered into by entities such as the Issuer went into effect in the United States on 1 March 2017. The application of US regulations to a swap transaction or a proposed swap transaction could have a material adverse effect on the Issuer's ability to hedge its interest and currency rate exposure, or on the cost of such hedging.

Volcker Rule

The Volcker Rule generally prohibits "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 (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, subject to certain exceptions and exclusions. The general effects of the Volcker Rule remain uncertain. The Dodd-Frank Act, which was signed into law on 21 July 2010, imposed a new regulatory framework over the U.S. financial services industry and the U.S. consumer credit markets in general. Section 619 of the Dodd-Frank Act added the Volcker Rule. The final rules promulgated to implement 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.

There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. Regulators in the United States may promulgate further regulatory changes. No assurance can be given as to the impact of such changes on the Notes and prospective investors should be aware that the Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in the Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each prospective investor must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. None of the Issuer, the Joint Lead Managers, the Arranger nor any other person makes any representation to any prospective investor regarding the application of the Volcker Rule to the Issuer or to such prospective investor's investment in the Notes, as of the date hereof or at any time in the future.

See "*Certain Regulatory Disclosures — Volcker Rule Considerations*" below for information on the Issuer's status under the Volcker Rule. 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 application and effect of the Volcker Rule.

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 application and effect of the Volcker Rule.

U.S. Credit Risk Retention

Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 amended the Exchange Act to generally require the "securitizer" of a "securitization 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 came into effect on 24 December 2015 with respect to residential mortgage-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

TSB Bank plc, 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 non-U.S. transactions. Such non-U.S. 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 securitization 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 securitization 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. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

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 Arranger that it is a Risk Retention U.S. Person and obtain the written consent of the Seller in the form of a U.S. Risk Retention

Consent. 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 clauses (b) and (h)(i), 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 [1];

(c) any estate of which any executor or administrator 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 [2];

Each holder of a Note, or beneficial interest therein, acquired on the Closing 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 and the Arranger that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained 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 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).

The Seller has advised the Issuer that they will not provide a U.S. Risk Retention Consent to any investor if such investor's purchase would result in more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) (as determined by fair value under U.S. GAAP) of all Classes of Notes to be sold or transferred to Risk Retention U.S. Persons on the Closing Date.

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[1] The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States."

[2] The comparable provision from Regulation S "(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts."

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.

There can be no assurance that the exemption provided for in Section __.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. 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 securitization 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.

There can be no assurance as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing 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.

Banking Act 2009

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 authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. 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. The relevant transaction entities for these purposes include the Seller, the Servicer, the Interest Rate Swap Provider, the Back-up Swap Provider, the Cash Manager 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 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 (among 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 (in the case of the Seller) 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.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain conditions are met. If the Issuer was regarded to be a banking group company and no exclusion applied, then it would be possible in certain scenarios for the relevant authority to exercise one or more relevant stabilisation tools (including the property transfer powers and/or the bail-in powers) in respect of it, which could result in reduced amounts being available to make payments in respect of the Notes and/or in the modification, cancellation or conversion of any unsecured portion of the liability of the Issuer under the Notes at the relevant time. In this regard, it should be noted that the UK authorities have provided an exclusion for certain securitisation companies, which exclusion is expected to extend to the Issuer, although aspects of the relevant provisions are not entirely clear.

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 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.

Lastly, as a result of Directive 2014/59/EU providing for the establishment of an EEA-wide framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that an institution with its head office in an EEA state and/or certain group companies (such as The Bank of New York Mellon, London Branch as Issuer Account Bank) could be subject to certain resolution actions in that other state. Once again, any such action may affect the ability of any relevant entity to satisfy its obligations under the Transaction Documents and there can be no assurance that Noteholders will not be adversely affected as a result.

European Market Infrastructure Regulation

UK EMIR and EU EMIR (each as amended from time to time) prescribe a number of regulatory requirements for counterparties to derivatives contracts including: (i) a mandatory clearing obligation for specified classes of OTC derivatives contracts (the **Clearing Obligation**); (ii) collateral exchange, daily valuation and other risk mitigation requirements for OTC derivatives contracts that have not been declared subject to the Clearing Obligation (the **Risk Mitigation Requirements**); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of the Interest Rate Swap and the Back-up Swap will depend on the classification of the counterparties to each such derivative transaction.

Pursuant to UK EMIR and EU EMIR, counterparties can be classified as: (i) financial counterparties (**FCs**) (which includes a sub-category of small FCs (**SFCs**)); and (ii) non-financial counterparties (**NFCs**). The category of "NFC" is further split into: (A) non-financial counterparties above the "clearing threshold" (**NFC+s**); and (B) non-financial counterparties below the "clearing threshold" (**NFC-s**). Whereas FCs and NFC+s may be subject to the relevant Clearing Obligation or, to the extent that the relevant types of derivatives transactions have not been declared subject to the Clearing Obligation, to the relevant collateral exchange obligation and the relevant daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC-s.

The Issuer is currently an NFC- for the purposes of UK EMIR and a third country equivalent to an NFC- (a **TCE 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 an NFC+ or FC for the purposes of UK EMIR and/or a third country equivalent to a NFC+ or FC (a **TCE NFC+** or a **TCE FC**), this may result in the application of the relevant Clearing Obligation or (more likely) the relevant collateral exchange obligation and the relevant daily valuation obligation under the Risk Mitigation Requirements as it seems unlikely that the Interest Rate Swap or the Back-up Swap would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under UK EMIR and EU EMIR.

It should also be noted that the relevant collateral exchange obligation should not apply in respect of derivative transactions where such transactions were entered into prior to the relevant application date unless such a swap is materially amended on or after that date. In respect of UK EMIR, it should also be noted that, given the intention to seek the UK STS designation for the Notes, should the status of the Issuer change to an NFC+ or FC, another exemption from the Clearing Obligation and a partial exemption from the collateral exchange

obligation may be available for the Interest Rate Swap and the Back-up Swap, provided the applicable conditions are satisfied. In respect of EU EMIR, the Notes (given they will not obtain EU STS designation) will not be able to benefit from the equivalent exemption under EU EMIR should the status of the Issuer change to TCE NFC+ or TCE FC.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with the relevant Clearing Obligation and the relevant 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 the Interest Rate Swap and/or Back-up Swap (possibly resulting in a restructuring or termination of the Interest Rate Swap or the Back-up Swap, as applicable) 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.

Investors should also be aware that the reporting requirements and other Risk Mitigation Requirements of UK EMIR and EU EMIR currently impose obligations on the Issuer (as an NFC- for the purposes of UK EMIR and as a TCE NFC- for the purposes of EU EMIR), to the extent it enters into derivative transactions.

Finally, in order to enable the Issuer and/or any Swap Provider to comply with any obligation which applies to it under UK EMIR and/or EU EMIR, amendments may be made to the Transaction Documents or the Conditions without the consent of the Noteholders and without the consent of any Secured Creditors (other than those Secured Creditors who are party to the relevant Transaction Document(s)) provided that the Issuer or the relevant Swap Provider, certifies in writing to the Security Trustee, the Note Trustee and the relevant Swap Provider or Issuer, as applicable, that such amendment is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect, as described above under "*Meetings of Noteholders, Modification and Waivers"*.

English Law Security and Insolvency Considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of the Key Transaction Documents — Deed of Charge*"). If certain insolvency proceedings are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired. 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 section 176A of the Insolvency Act, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any claims of unsecured creditors. 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.

While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws and, if applicable, Scottish insolvency laws).

Fixed charges may take effect under English law as floating charges

Pursuant to the terms of the Deed of Charge, the Issuer will purport to grant fixed charges in favour of the Security Trustee over, amongst other things, its interests in the English Loans, the English Mortgages and their respective Related Security, the Issuer's interest in its bank accounts maintained with the Issuer Account Bank and/or the Custodian and the Issuer's interest in all Authorised Investments purchased from time to time.

The law in England and Wales relating to the characterisation of fixed charges is unsettled. There is a risk that a court could determine that the fixed charges purported to be granted by the Issuer take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the charged property for the security to be said to constitute fixed charges. 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 Security Trustee in respect of the floating charge assets. Monies paid into accounts or derived from those assets could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant company in whose name the account is held.

Under Scottish law the concept of fixed charges taking effect as floating charges does not arise and accordingly there is no equivalent risk of recharacterisation in relation to the Scottish Loans and their Related Security.

Liquidation Expenses

On 6 April 2008, a provision in the Insolvency Act 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). In general, the reversal of the *Leyland Daf* case applies in respect of all liquidations commenced on or after 6 April 2008.

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

UK Taxation Position of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (set out in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the **Securitisation Tax Regulations**)), and as such should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Tax Regulations), for so long as it satisfies the conditions of the Securitisation Tax Regulations. However, if the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Tax Regulations (or subsequently does not), then profits or losses could arise in the Issuer which could have tax effects not contemplated in the cashflows for the transaction described in this Prospectus and as such adversely affect the tax treatment of the Issuer and consequently payment on the Notes.

Withholding Tax Under the Notes

Provided that the Class A 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 **ITA 2007**) for the purposes of section 987 of the ITA 2007), as at the date of this Prospectus, no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Class A Notes. However, there can be no assurance that the law in this area will not change during the life of the Class A Notes.

In the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to Noteholders of any amounts due under the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) of the Notes, if it would avoid the effect of such withholding, appoint a paying agent in another jurisdiction or use reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee.

The applicability of any withholding or deduction for or on account of United Kingdom tax on payments of interest is discussed further under "*Taxation*" below.

8. Risks related to the characteristics of the Notes

Notes Where Denominations Involve Integral Multiples

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000 thereafter. Accordingly, it is possible that Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum authorised denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to the minimum authorised denomination (or another relevant denomination amount).

If Definitive Notes are issued with respect to the Notes, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Book-Entry Interests

Unless and until Definitive Notes are issued in exchange for book-entry interests (the **Book-Entry Interests**), holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Class A Notes under the Trust Deed. After payment to the Principal Paying Agent or the relevant Clearing System, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Class A Notes to the relevant Clearing System or to the holders or beneficial owners of Book-Entry Interests.

The Class A Notes will be represented by Global Notes delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg, and will not be held by the beneficial owners or their nominees. The book-entry system, which is also the system through which most publicly traded common stock is held, is used because it eliminates the need for physical movement of securities. The laws of some jurisdictions, however, may require some purchasers to take physical delivery of their notes in definitive form. These laws may impair the ability to own or transfer Book-Entry Interests.

The Global Notes will not be registered in the names of the beneficial owners or their nominees. As a result, unless and until Class A Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer or the Note Trustee as Noteholders, as that term is used in the Trust Deed. Accordingly, each person owning a Book-Entry Interest must rely on the procedures of the relevant Clearing System 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.

Payments of principal and interest on, and other amounts due in respect of, each Global Note will be made by the Principal Paying Agent to the order of the Common Safekeeper for Euroclear and Clearstream, Luxembourg, as applicable, against presentation of such Global Note. Upon receipt of any payment from the Principal Paying Agent, the relevant Clearing System 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 Note Trustee, the Security Trustee or any Paying Agent 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 the relevant Clearing System 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 the relevant Clearing System unless and until Definitive Notes 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 the relevant Clearing System 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, (as applicable) 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 Arranger, the Joint Lead Managers, the Note Trustee, the Security Trustee, any Paying Agent or any of their agents will have any responsibility for the performance by the relevant Clearing System or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

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

Eligibility of the Notes for central bank schemes is subject to the applicable collateral framework criteria and could have an impact on the liquidity of the Notes in general

Whilst central bank schemes (such as the Bank of England's (**BoE**) Discount Window Facility, the Indexed Long-Term Repo Facility and other schemes under its Sterling Monetary Framework, and the Eurosystem monetary policy framework for the European Central Bank), including emergency liquidity operations introduced by central banks in response to a financial crisis or a wide-spread health crisis (such as Covid-19 pandemic), provide an important source of liquidity in respect of eligible securities, relevant eligibility criteria for eligible collateral apply (and will apply in the future) under such schemes and liquidity operations. The investors should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute eligible collateral for the purposes of any of the central bank liquidity schemes, including whether and how such eligibility may be impacted by the UK withdrawal from the EU and the UK no longer being part of the EEA. No assurance is given that any Notes will be eligible for any specific central bank liquidity schemes.

Financial Services Compensation Scheme not applicable

Any investment in the Notes does not have the status of a bank deposit in England and Wales and is not within the scope of the UK Financial Services Compensation Scheme and accordingly, the Notes will not confer any entitlement to compensation under that scheme. As such, the Notes are obligations of the Issuer only, and any potential investors should be aware that they will not be able to have recourse to the UK Financial Services Compensation Scheme in relation to an investment in the Notes.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholders, but the inability of the Borrowers to pay interest, principal or other amounts on the Loans and their Related Security and consequently the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons, and the Issuer does not represent that the above statements regarding the risk of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus lessen some of the risks for the Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to the Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all

CERTAIN REGULATORY DISCLOSURES

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

EBA means the European Banking Authority;

EU Article 7 ITS means Commission Implementing Regulation (EU) 2020/1225226 including any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the EIOPA (or their successor) or by the European Commission;

EU Article 7 RTS means Commission Delegated Regulation (EU) 2020/1224227 including any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the EIOPA (or their successor) or by the European Commission;

EU Article 7 Technical Standards mean the EU Article 7 RTS and the EU Article 7 ITS;

EU MAR means Regulation (EU) No. 596/2014;

EU Securitisation Regulation means Regulation (EU) 2017/2402, as amended, including (i) relevant regulatory and/or implementing technical standards or delegated regulation, or other applicable national implementing measures in relation thereto (including any applicable transitional provisions); and/or (ii) any relevant guidance and policy statements in relation thereto published by the European Banking Authority, the ESMA, the European Insurance and Occupational Pensions Authority, the European Commission and/or the European Central Bank.

UK Securitisation Regulation means Regulation (EU) 2017/2402 as it forms part of domestic law by virtue of the EUWA , including the Securitisation (Amendment) (EU Exit) Regulations 2019, as amended, varied, superseded or substituted from time to time and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the Prudential Regulation Authority (**"PRA**"), the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

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.

UK Article 7 ITS means Commission Implementing Regulation (EU) 2020/1225 as it forms part of domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

UK Article 7 RTS means Commission Delegated Regulation (EU) 2020/1224 as it forms part of domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

UK Article 7 Technical Standards mean the UK Article 7 RTS and the UK Article 7 ITS.

UK Securitisation Repository Operational Standards means Commission Delegated Regulation (EU) 2020/1229 as it forms part of domestic law by virtue of the EUWA, including any applicable regulations, rules, guidance or other implementing measures of the FCA (or its successor) in relation thereto.

UK Securitisation Repository means EuroABS, or its substitute, successor or replacement that is registered with the FCA under the UK Securitisation Regulation.

UK STS Notification Technical Standards mean Commission Delegated Regulation (EU) 2020/1226 and Commission Implementing Regulation (EU) 2020/1227 as these form part of domestic law by virtue of the EUWA, including any applicable regulations, rules, guidance or other implementing measures of the FCA or other relevant UK regulator (or their successor) in relation thereto.

UK STS Requirements means the requirements of Articles 18 to 22 of the UK Securitisation Regulation.

UK Capital Requirements Regulation or **UK CRR** means:

(a) Regulation (EU) No 575/2013 as it forms part of domestic law by virtue of the EUWA;

(b) the law of the United Kingdom or any part of it, which immediately before IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures; and

(c) CRR rules, as such term is defined in Article 144A of FSMA.

UK LCR Regulation means Articles 1 to 15, 17 to 35, 37 and Annexes I and II of Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook together with any applicable guidance and statements of policy and other regulations, rules, guidance or other measures of the FCA, the Bank of England or the PRA (or their successor) implementing standards published by the Basel Committee on Banking Supervision in relation to the liquidity coverage ratio.

SR Equivalency Date means the date on which the Seller certifies to the Issuer and the Note Trustee that a competent EU authority has confirmed that: (i) the satisfaction of the UK Retention Requirement will also satisfy the EU Retention Requirement due to the application of an equivalency regime or similar analogous concept; or (ii) the satisfaction of any other obligation under the UK Securitisation Regulation (including, without limitation, Articles 5 and 7 of the UK Securitisation Regulation) will also satisfy the equivalent provisions of the EU Securitisation Regulation due to the application of an equivalency regime or similar analogous concept, in each case, as applicable to the applicable obligation under the UK Securitisation Regulation.

UK Securitisation Regulation and EU Securitisation Regulation

TSB Bank in its capacity as originator for the purposes of the UK Securitisation Regulation and EU Securitisation Regulation, will retain, on an ongoing basis and for the life of the transaction constituted by the Transaction Documents, a material net economic interest in the securitisation of not less than 5 per cent. (the **Retained Interest**) in accordance with (i) the text of Article 6(1) of the UK Securitisation Regulation (the **UK Retention Requirement**) (which does not take into account any corresponding national measures) and (ii) under the Transaction Documents in connection with Article 6(1) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) together with any binding technical standards as in force on the Closing Date, not taking into account any relevant national measures, but solely as such articles are interpreted and applied on the Closing Date (the **EU Retention Requirement** and, together with the UK Retention Requirement, the **Retention Requirements**).

As at the Closing Date, the UK Retention Requirement and EU Retention Requirement will each be satisfied by the Seller holding the first loss tranche, in this case, represented by the retention of the Subordinated Note which will equal no less than 5 per cent. of the nominal value of the securitised exposures sold or transferred to investors on the Closing Date, in accordance with (i) Article 6(3)(d) as required by the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with Article 6(3)(d) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) as though Article 6 of the EU Securitisation Regulation applied to the transaction, not taking into account any relevant national measures, but solely as such articles are interpreted and applied on the Closing Date, **provided that** on and from the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained), references to, and obligations in respect of, the EU Securitisation Regulation shall not apply. Any change to the manner in which such interest is held will be notified to Noteholders. Certain undertakings in respect of the UK Retention Requirement and EU Retention Requirement are given by the Seller in the Mortgage Sale Agreement.

Notwithstanding the above, in respect of the EU Retention Requirement:

(a) the obligation of the Seller to comply with the EU Retention Requirement is strictly contractual pursuant to the terms of the Mortgage Sale Agreement and applies with respect to Article 6 of the EU

Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) and any binding technical standards, not taking into account any relevant national measures, as such articles are interpreted and applied on the Closing Date only, until the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained); and

(b) the Seller will be under no obligation to comply with any amendments to applicable EU technical standards, guidance or policy statements introduced in relation thereto after the Closing Date,

together, the **EU Retained Interest Conditions**.

In addition, the Seller (in its capacity as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) has provided undertakings to the Issuer in the Mortgage Sale Agreement, that:

(a) retain the Retained Interest in accordance with the applicable Retention Requirements (subject, in the case of the EU Retention Requirement, to the EU Retained Interest Conditions);

(b) for so long as any Class A Notes remain outstanding, not subject the Retained Interest to any credit risk mitigation, short position or hedging, or sell, transfer or otherwise surrender all or part of the rights, benefits or obligations arising from the Retained Interest, except, in each case, to the extent permitted under the UK Securitisation Regulation or as would be permitted as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation; and not change the manner or form in which it retains the Retained Interest, except as permitted by the UK Securitisation Regulation and the EU Securitisation Regulation.

The Seller (in its capacity as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) has provided a corresponding undertaking with respect to: (A) the provision of such investor information and compliance with (i) the requirements of Article 7.1(e)(iii) of the UK Securitisation Regulation by confirming the risk retention of the Seller as contemplated by Article 6(1) of the UK Securitisation Regulation as specified in the paragraph above and (ii) (as such legislation is in force as at the Closing Date) Article (7)(1)(e)(iii) of the EU Securitisation Regulation by confirming the risk retention of the Seller as contemplated by Article 6(1) of the EU Securitisation Regulation; and (B) the interest to be retained by the Seller as specified in the introductory paragraph above to the Arranger and the Joint Lead Managers in the Subscription Agreement and to the Issuer, the Security Trustee and the Note Trustee on behalf of the Noteholders pursuant to the Deed of Charge. The Note Trustee shall have the benefit of certain protections contained in the Trust Deed in relation to the compliance of the Seller with such undertaking.

For the purposes of Articles 7(2) and 22(5) of the UK Securitisation Regulation, the Seller as originator is the entity responsible for fulfilling the information requirements of Article 7 of the UK Securitisation Regulation. The Seller will either fulfil such reporting requirements itself or shall procure that such requirements are fulfilled and shall also ensure fulfilment of its contractually agreed obligations under Article 7 of the EU Securitisation Regulation. See "*Listing and General Information*".

Simple, Transparent and Standardized Securitisation

The Seller, in its capacity as originator, will submit a UK STS Notification to FCA, on or about the date of this Prospectus in accordance with Article 27 of the UK Securitisation Regulation, and to the FCA, confirming that the UK STS Requirements have been satisfied with respect to the Notes. It is expected that the UK STS Notification will be available on the website of the FCA (https://data.fca.org.uk/#/sts/stssecuritisations). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

The Seller has obtained an assessment of compliance of the Class A Notes with the UK STS Requirements (**STS Assessment**) from a third party verification agent registered under Article 28 of the UK Securitisation Regulation (the **Authorised Verification Agent**) It is expected that the STS Assessment prepared by the Authorised Verification Agent, together with detailed explanations of its scope, will be available on the website of such agent (https://pcsmarket.org/sts-verification-transactions/) (and for the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus).

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to the other documents and information

which will be made available to potential investors upon request in accordance with the UK Securitisation Regulation. See "*Listing and General Information*".

The Seller has obtained a legal opinion provided by qualified external legal counsel providing, among other things: (i) confirmation that the true sale, assignment or transfer segregate the loans and their related security from the Seller, its creditors and its liquidators, including in the event of the Seller's insolvency, with the same legal effect as that achieved by means of true sale; (ii) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in (i) against the seller or any other third party; and (iii) an assessment of clawback risks and re-characterisation risks, which legal opinion is accessible and made available to any relevant third party verifying UK STS compliance in accordance with Article 28 of the UK Securitisation Regulation and any relevant competent authority from among those referred to in Article 29 of the UK Securitisation Regulation.

No representation, warranty or covenant (express or implied) is made by the Issuer, TSB Bank, the Arranger or any other person as to whether or not the Notes or the transaction described in this Prospectus comply with the EU Securitisation Regulation.

Investors to assess compliance

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 Article 5 of the UK Securitisation Regulation or Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant, and none of the Issuer, the Arranger, the Joint Lead Managers, the Seller or any of the other transaction parties makes any representation that the information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

Please refer to the risk factor entitled "*Non-compliance with the securitisation regulation regimes in the EU and/or the UK, as applicable, may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity of the Notes*" for further information on the implications of the UK Securitisation Regulation and risk retention requirements for investors.

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, after the Closing Date, to the UK Investor Reports. In such UK Investor Reports, relevant information with regard to the Loans will be disclosed publicly together with an overview of the retention and/or any changes in the method of retention of the material net economic interest by the Seller. Further information in respect of individual loan level data may be obtained by means of the UK Securitisation Repository at https://www.euroabs.com/IH.aspx?d=22351, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation. None of the UK Investor Reports, the UK Loan Level Information, the Cash Flow Model nor the website and its contents form part of this Prospectus.

Mitigation of interest rate

The Loans and the Notes are affected by interest rate and currency risks (see the sections "*Risk Factors – Interest Rate Risk*", "*Credit Structure – Interest Rate Risk* " in this Prospectus). The Issuer aims to hedge the relevant interest rate exposures in respect of the Loans and the Notes, as applicable, by entering into the Swap Agreements (see "*Credit Structure*" in this Prospectus).

Verification of data

The Seller has caused a sample of the Loans in the Provisional Portfolio (including the data disclosed in respect of those Loans in this Prospectus) to be externally verified by an appropriate and independent third party. The Loans in the Provisional Portfolio have been subject to an agreed upon procedures review on a representative sample of Loans selected from the Provisional Portfolio as at the Reference Date (as well as an agreed upon procedures review, amongst other things, of the conformity of Loans in the Provisional Portfolio with certain of the Loan Warranties (where applicable)) conducted by a third party. In addition, the appropriate and independent third party has performed agreed upon procedures in order to verify that the tables disclosed under the section "*Characteristics of the Provisional Portfolio*" of this Prospectus in respect of the underlying exposures have been calculated accurately. The third party undertaking the review has reported

the factual findings to the parties to the agreement. The Seller has reviewed the findings and is of the opinion that there were no significant adverse findings in such reports. The third party undertaking the agreed upon procedures review only accepts a duty of care to the parties to the agreement 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.

CRA Regulation

The credit ratings included or referred to in this Prospectus are expected to be assigned, on issue, by Fitch and Moody's and endorsed for the purposes of the EU CRA Regulation by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively.

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 ("**ESMA**") 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.

As at the date of this Prospectus, each of Moody's and Fitch is a credit rating agency established in the UK and registered under the UK CRA Regulation.

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 (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) 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 agency 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.

For further information, please refer to the risk factor entitled "*Non-compliance with the securitisation regulation regimes in the EU and/or the UK, as applicable, may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity of the Notes*" and the section entitled "*The Loans*".

Volcker Rule Considerations

The transaction has been structured so that the Issuer is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof, will not be, a "covered fund" as defined in section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the (commonly known as the **Volcker Rule**). Although other statutory or regulatory exclusions or exemptions under the Investment Company Act or the Volcker Rule may be available to the Issuer, this view is based on the determination that the Issuer may rely on the exclusion from the definition of "investment company" under the Investment Company Act provided by Section 3(c)(5)(C) thereunder, and accordingly the Issuer need not rely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for its exemption from registration under the

Investment Company Act and may rely on the exemption from the definition of "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration under the Investment Company Act.

TRIGGERS TABLES

Rating Triggers Table

Transaction Party		Required Ratings	Contractual Requirements Upon Occurrence of Ratings Breach Include:
Issuer Account Bank and Custodian	(a)	long-term, unsecured, unguaranteed and unsubordinated debt obligation rating of at least "A1" by Moody's and long-term Issuer default ratings (or deposit ratings if assigned "A" by Fitch,	The Issuer and the Issuer Account Bank and/or or the Custodian, as applicable shall use all reasonable endeavours to, within 60 calendar days following the first day on which such downgrade occurred, either:
	(b)	short-term, unsecured, unguaranteed and unsubordinated debt obligation rating of at least "P-1" by Moody's and short-term Issuer default ratings (or deposit ratings if assigned "F1" by Fitch, or	(i) close the relevant Bank Accounts (as applicable) held with the Issuer Account Bank and/or Custodian, and open replacement accounts with a financial institution (a) having all of the Account Bank Required Ratings and (b) which is a "bank" for the purposes of Section 991 of the Income Tax Act 2007, (c) authorised to carry on banking business including accepting deposits under the Financial Services and Markets Act 2000 (d) is not subject to any obligations under the laws of a jurisdiction other than the United Kingdom to make a tax deduction from a payment of interest made by it pursuant to this Agreement (e) is within the charge to the United Kingdom corporation tax with respect to amounts receivable by it pursuant to this Agreement and (f) makes payments pursuant to a replacement agreement which is the same or substantially the same as this Agreement in the ordinary course of its business; or
	(c)	such other lower rating or ratings as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Class A Notes and which the Cash Manager certifies to the Note Trustee and the Security Trustee in writing (i) is consistent with the then current rating methodology of such relevant Rating Agency, or (ii) with respect to which it has received a Ratings Confirmation.	(ii) (obtain a guarantee of the obligations of such Issuer Account Bank or the Custodian, as applicable, under this Agreement from a financial institution having all of the Account Bank Required Ratings; or
			(iii) take such other reasonable actions as may be required to ensure that the then current rating of the Class A Notes are

Transaction Party	Required Ratings	Contractual Requirements Upon Occurrence of Ratings Breach Include:
		not adversely affected by the Issuer Account Bank or the Custodian, as applicable, ceasing to have all of the Account Bank Required Ratings; or (iv) take such other reasonable actions as the Rating Agencies may agree will not result in any of the Rating Agencies downgrading the current rating assigned to the Class A Notes or withdrawing, qualifying or putting such current rating assigned to any Class or Classes of Debt on a negative outlook. Provided that, in the cases of each of (i) to (iv) (inclusive) above, the Rating Agencies confirm that the then current rating of the Class A Notes would not be adversely affected thereby.
Swap Providers	Moody's: A long-term counterparty risk assessment from Moody's of A3(cr) or above (the **Qualifying Collateral Trigger Rating**).	If (i) the Interest Rate Swap Provider (or its successors or any relevant guarantors) and (ii) so long as the Back-up Swap has not been terminated in accordance with the Back-up Swap Agreement, the Back-up Swap Provider (or its successors or any relevant guarantors) (the entities referred to in (i) and (ii) each being a **Swap Rating Party** and together being the **Swap Rating Parties**) each do not have the Qualifying Collateral Trigger Rating and either (a) have not had a Qualifying Collateral Trigger Rating since the Closing Date or (b) at least 30 business days have elapsed since the last time a Swap Rating Party had the Qualifying Collateral Trigger Rating, the Back-up Swap Provider or (after the earlier of (i) the expiry of the Back-up Support Period, and (ii) the occurrence of an Early Termination Date (as defined in the Back-up Swap Agreement) in respect of the Back-up Swap) the Interest Rate Swap Provider must, if required, post collateral and the Back-up Swap Provider or the Interest Rate Swap Provider (as applicable) may either (i) transfer its rights and obligations under the relevant Swap Agreement to an appropriately rated replacement third party, or (ii)

Transaction Party	Required Ratings	Contractual Requirements Upon Occurrence of Ratings Breach Include:
		procure a guarantee from an appropriately rated third party. A failure by the relevant Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Back-up Swap or the Interest Rate Swap, as applicable. For the avoidance of doubt, the above obligations are in addition to the Interest Rate Swap Provider's obligation to transfer collateral to the Issuer during the Back-up Support Period in accordance with the terms of the Credit Support Annex, based on a mark-to-market calculation of the Interest Rate Swap compared to the value of the collateral already posted to the Issuer. For so long as the Interest Rate Swap has not been terminated pursuant to the Interest Rate Swap Agreement, the Back-up Swap Provider's obligation to post any collateral pursuant to the above shall be limited to the difference between the amount required by the Moody's rating criteria and the amount that the Interest Rate Swap Provider is obligated to post under the credit support annex to the Interest Rate Swap Agreement.
	Moody's: A long-term counterparty risk assessment from Moody's of Baa1(cr) and in line with ISDA (the **Qualifying Transfer Trigger Rating**).	If a Swap Rating Party does not have the Qualifying Transfer Trigger Rating, the Back-up Swap Provider or (after the earlier of (i) the expiry of the Back-up Support Period, or (ii) the occurrence of an Early Termination Date (as defined in the Back-up Swap Agreement) in respect of the Back-up Swap) the Interest Rate Swap Provider must, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable (and in any event within 30 business days), either (i) transfer its rights and obligations under the relevant Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party. A failure by the Back-up Swap Provider or the Interest Rate Swap Provider (as applicable) to take such steps will, in certain circumstances, allow the Issuer to terminate the Back-up Swap and/or Interest Rate Swap, as applicable.

Transaction Party	Required Ratings	Contractual Requirements Upon Occurrence of Ratings Breach Include:
		For the avoidance of doubt, the above obligations are in addition to the Interest Rate Swap Provider's obligation to transfer collateral to the Issuer during the Back-up Support Period in accordance with the terms of the Credit Support Annex, based on a mark-to-market calculation of the Interest Rate Swap compared to the value of the collateral already posted to the Issuer. For so long as the Interest Rate Swap has not been terminated pursuant to the Interest Rate Swap Agreement, the Back-up Swap Provider's obligation to post any collateral pursuant to the above shall be limited to the difference between the amount required by the Moody's rating criteria and the amount that the Interest Rate Swap Provider is obligated to post under the credit support annex to the Interest Rate Swap Agreement.

Fitch: The Fitch required ratings are dependent on the highest Fitch rating currently given to the Class A Notes and are set out in the table below.

Column 1	Column 2	Column 3	Column 4
Current rating of the Class A Notes	**Unsupported Minimum Counterparty Rating**	***Supported Minimum Counterparty Rating***	Supported Minimum Counterparty Rating (adjusted)
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAsf, AA- sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB+ or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3
BB+sf, BBsf, BB-sf	At least as high as the Class A Notes rating	B+	BB-
B+sf or below or the Class A Notes are not rated by Fitch	At least as high as the Class A Notes rating	B-	B-

Fitch initial required ratings

Each applicable Swap Rating Party fails to have at least the required Unsupported	The Back-up Swap Provider or (after the earlier of (i) the expiry of the Back-up

Transaction Party	Required Ratings	Contractual Requirements Upon Occurrence of Ratings Breach Include:
	Minimum Counterparty Ratings set out in Column 2.	Support Period, or (ii) the occurrence of an Early Termination Date (as defined in the Back-up Swap Agreement) in respect of the Back-up Swap) the Interest Rate Swap Provider must provide collateral within 14 calendar days (to the extent required depending on the value of the Interest Rate Swap or the Back-up Swap (as applicable) at such time) and the Back-up Swap Provider or the Interest Rate Swap Provider, as applicable may and the Back-up Swap Provider or the Interest Rate Swap Provider, as applicable may within 60 calendar days, either (i) transfers its obligations in respect of the Back-up Swap or the Interest Rate Swap, as applicable, to an entity that is eligible to be a swap provider under the Fitch ratings criteria, or (ii) obtains a guarantee or co-obligation in respect of the Back-up Swap or Interest Rate Swap, as applicable, from an entity whose (A) requisite long-term Fitch rating or short-term issuer default rating (**IDR**) is rated not less than the corresponding Unsupported Minimum Counterparty Rating or (or its equivalent); or (B) whose obligations under the Back-up Swap or Interest Rate Swap, as applicable, are guaranteed by an entity that is an eligible guarantor whose requisite long-term Fitch rating or short-term IDR is rated not less than the corresponding Unsupported Minimum Counterparty Rating, or (iii) takes such other action (which may, for the avoidance of doubt, include taking no action) as will maintain, or restore, the rating of the Class A Notes by Fitch. For the avoidance of doubt, the above obligations are in addition to the Interest Rate Swap Provider's obligation to transfer collateral to the Issuer during the Back-up Support Period in accordance with the terms of the Credit Support Annex, based on a mark-to-market calculation of the Interest Rate Swap compared to the value of the collateral already posted to the Issuer. For so long as the Interest Rate Swap has not been terminated pursuant to the Interest Rate Swap Agreement, the Back-up Swap Provider's obligation to post any collateral pursuant to the above shall be limited to the difference between the amount required by the Fitch rating criteria and

Transaction Party	Required Ratings	Contractual Requirements Upon Occurrence of Ratings Breach Include:
		the amount that the Interest Rate Swap Provider is obligated to post under the credit support annex to the Interest Rate Swap Agreement. The Issuer may, in certain circumstances, terminate the Back-up Swap or the Interest Rate Swap (as applicable) if the Back-up Swap Provider or the Interest Rate Swap Provider (as applicable) fails to provide collateral in the relevant time period (to the extent such Swap Provider is required to do so) and/or the relevant Swap Provider has failed to take the relevant actions in (i) to (iii) (inclusive) above.
	Fitch subsequent required ratings A Swap Rating Party fails to have the required **Supported Minimum Counterparty Ratings** (adjusted or unadjusted as set out in the table above, as applicable). So long as Lloyds Bank Corporate Markets Plc is the Back-up Swap Provider, the ratings set out in Column 4 (*Supported Minimum Counterparty Rating (adjusted)*) will be the Fitch subsequent required Ratings which will apply to the Swap Agreements. If the Back-up Swap Agreement or the Interest Rate Swap Agreement is transferred to a swap provider who is incorporated in England or a swap provider that provides an external legal opinion confirming that the subordination provisions relating to Swap Excluded Termination Amounts are enforceable, in a form acceptable to Fitch and the Issuer, then the ratings set out in Column 3 (*Supported Minimum Counterparty Rating*) will be the Fitch subsequent required ratings for the Back-up Swap Agreement or Interest rate Swap Agreement, as applicable. If the Back-up Swap Agreement or Interest Rate Swap Agreement is transferred to any other Back-up Swap Provider or Interest Rate Swap Provider, as applicable, the ratings set out in Column 4 (*Supported Minimum Counterparty Rating (adjusted)*) will be the Fitch subsequent required	The Back-up Swap Provider or (after the earlier of (i) the expiry of the Back-up Support Period, or (ii) the occurrence of an Early Termination Date (as defined in the Back-up Swap Agreement) in respect of the Back-up Swap) the Interest Rate Provider must, within 60 calendar days, either (i) transfer its obligations in respect of the Back-up Swap or Interest rate Swap, as applicable, to an entity that is eligible to be a swap provider under the Fitch ratings criteria, (ii) obtain a guarantee or co-obligation in respect of the Back-up Swap or Interest rate Swap, as applicable, from an entity with the required Unsupported Minimum Counterparty Ratings, or an entity with the Supported Minimum Counterparty Ratings (adjusted or unadjusted, as applicable), provided that such entity complies with the collateral requirements of an applicable guarantor who fails to have the required Unsupported Minimum Counterparty Ratings (as set out above) or (iii) take such other action (which may, for the avoidance of doubt, include taking no action) as will maintain, or restore, the rating of the Class A Notes by Fitch. Whilst this process is on-going the Interest Rate Swap Provider /or the Back-up Swap Provider, as applicable, must also provide collateral within 14 calendar days or if collateral has previously been provided, continue to provide collateral (to the extent required depending on the value of the Interest Rate Swap or the

Transaction Party	Required Ratings	Contractual Requirements Upon Occurrence of Ratings Breach Include:
	ratings for the Back-up Swap Agreement or Interest Rate Swap Agreement, as applicable.	Back-up Swap (as applicable) at such time). The Issuer may, in certain circumstances, terminate the Back-up Swap or the Interest Rate Swap if the Back-up Swap Provider or the Interest Rate Swap Provider (as applicable) fails to provide collateral in in the relevant time period (to the extent the Back-up Swap Provider or the Interest Rate Swap Provider is required to do so). The Issuer may also terminate the Back-up Swap if the Interest Rate Swap Provider or the Back-up Swap Provider (as applicable) fails to take the relevant actions in (i) to (iii) (inclusive) above. For the avoidance of doubt, the above obligations are in addition to the Interest Rate Swap Provider's obligation to transfer collateral to the Issuer during the Back-up Support Period in accordance with the terms of the Credit Support Annex, based on a mark-to-market calculation of the Interest Rate Swap compared to the value of the collateral already posted to the Issuer. For so long as the Interest Rate Swap has not been terminated pursuant to the Interest Rate Swap Agreement, the Back-up Swap Provider's obligation to post any collateral pursuant to the above shall be limited to the difference between the amount required by the Fitch rating criteria and the amount that the Interest Rate Swap Provider is obligated to post under the credit support annex to the Interest Rate Swap Agreement.

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Contractual Requirements Upon Occurrence of Breach Include:
Seller	The occurrence of any of the following: (a) the Seller being required to perfect transfer of legal title to the Loans and their Related Security (i) by an order of a court of competent jurisdiction or (ii) by any regulatory authority of which the Seller is	The Issuer will be entitled to effect legal transfer of the Loans by making the required registrations and serving notice on the Borrowers.

a member and/or with whose instructions the Seller is required to comply;

(b) it becoming necessary by law for the Issuer to perfect legal title to the Loans and their Related Security;

(c) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;

(d) the property, assets and rights of the Issuer comprised in the security constituted by the Deed of Charge being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding to take action to reduce that jeopardy;

(e) a Seller Insolvency Event; or

(f) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if such breach, where capable of remedy, is not remedied to the reasonable satisfaction of (prior to the delivery of a Note Acceleration Notice) the Issuer or (after the delivery of a Note Acceleration Notice) the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days; provided that (A) this paragraph (f) shall not apply to the extent that none of the Notes satisfy the UK STS Requirements prior to the occurrence of any such breach; and (B) this paragraph shall be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such provision does not impact the designation as a 'simple, transparent and standardised'

	securitisation (within the meaning of the UK Securitisation Regulation) in respect of any Notes which are intended to satisfy the UK STS Requirements.	
Servicer Termination Event See the section entitled "*Summary of the Key Transaction Documents — Servicing Agreement*" for further information.	The occurrence of any of the following: (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of seven Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee, as the case may be, requiring the same to be remedied; (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or the Security Trustee (after the delivery of a Note Acceleration Notice) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 20 Business Days after the earlier of the Servicer becoming aware of the failure and receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee requiring the Servicer's non-compliance to be remedied; (c) the Servicer fails to obtain or maintain the necessary licences or regulatory approvals enabling it to continue to service the Loans; or (d) an insolvency event occurs in relation to the Servicer.	(a) Following the occurrence of a Servicer Termination Event, the Issuer may terminate the appointment of the Servicer under the Servicing Agreement and transfer servicing to a replacement servicer. (b) The Servicer may also resign its appointment on no less than 12 months' written notice to, among others, the Issuer and the Security Trustee with a copy being sent to the Rating Agencies provided that (i) the Issuer and the Security Trustee consent to such termination, (ii) a replacement servicer qualified to act as such under the FSMA and the CCA and with a management team with experience of servicing residential mortgages in the United Kingdom has been appointed and enters into a servicing agreement with the Issuer on substantially the same terms as the Servicing Agreement, and (iii) the resignation has no adverse effect on the then current ratings of the Class A Notes unless the Noteholders agree otherwise by Extraordinary Resolution.

Cash Manager Termination Event	The occurrence of any of the following: (a) the Cash Manager defaults in the payment on the due date of any payment due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of seven Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or the Security Trustee, as the case may be, requiring the same to be remedied; (b) the Cash Manager defaults in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or the Security Trustee (after the delivery of a Note Acceleration Notice) is materially prejudicial to the interests of the Noteholders, and the Cash Manager does not remedy that failure within 20 Business Days after the earlier of the Cash Manager becoming aware of the failure and receipt by the Cash Manager of written notice from the Issuer or the Security Trustee requiring the Cash Manager's non-compliance to be remedied; or (c) an insolvency event occurs in relation to the Cash Manager.	(a) Following the occurrence of a Cash Manager Termination Event, the Issuer or the Security Trustee may terminate the appointment of the Cash Manager under the Cash Management Agreement and transfer cash management services to a replacement cash manager. (b) The Cash Manager may also resign its appointment on no less than 12 months' written notice to, among others, the Issuer, the Seller and the Security Trustee provided that (i) the Security Trustee provides prior written approval, (ii) a replacement Cash Manager with cash management experience has been appointed and enters into a cash management agreement with the Issuer on substantially the same terms as the Cash Management Agreement, and (iii) the resignation has no adverse effect on the then current ratings of the Class A Notes unless the Controlling Class otherwise directs.
Revolving Period Termination Event	The occurrence of: (i) an Event of Default; (ii) a Portfolio Eligibility Trigger; or (iii) the occurrence of a Principal Ledger Threshold Event.	Available Principal Receipts will be applied in accordance with the following priority of payments on an Interest Payment Date: (a) *first*, in or towards repayment of the principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

(b) *second*, in or towards repayment of the principal amounts outstanding on the Subordinated Note until the Principal Amount Outstanding on the Subordinated Note has been reduced to zero; and

(c) *third*, to pay any Deferred Consideration in accordance with the Mortgage Sale Agreement in respect of the Loans sold to the Issuer from time to time to the Seller.

FEES

The following table sets out the on-going fees to be paid by the Issuer to transaction parties. Each of these fees is subject to change at any time without the notification or approval of the Noteholders, including upon the appointment of any successor service provider or any other successor transaction party pursuant to the applicable transaction document.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing Fee	0.10 per cent. per annum (inclusive of VAT) on the aggregate Current Balance of all Loans in the Portfolio as determined as at the close of business on the last day of the immediately preceding Interest Period (or, with respect to the first Interest Payment Date, the close of business on the calendar day prior to the Closing Date) or an amount agreed upon and determined by the Issuer, Security Trustee and a replacement or successor servicer in the event that the Servicer is replaced or succeeded by an entity in accordance with the terms of the Servicing Agreement.	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Cash Management Fee	0.02 per cent. per annum (inclusive of VAT) on the aggregate Current Balance of all Loans in the Portfolio as determined as at the close of business on the last day of the immediately preceding Interest Period (or, with respect to the first Interest Payment Date, the close of business on the calendar day prior to the Closing Date).	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Back-up Swap Provider Fee	The product of: (i) the applicable fixed rate for the relevant Interest Period as specified in the Back-up Swap Agreement, (ii) the applicable notional amount and (iii) the exact number of days of the relevant Interest Period, divided by 365.	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date unless the Back-up Swap Agreement has been terminated
Other Fees and Expenses of the Issuer	Estimated at £160,000 each year (exclusive of VAT).	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Expenses related to the admission to trading of the Class A Notes	Estimated at £6,850 (exclusive of VAT).		On or about the Closing Date

Subject to the following, the servicing fee and the cash management fee set out in the preceding table are inclusive of value added tax (**VAT**) (if any). United Kingdom VAT is currently assessed at 20 per cent., and the

aggregate amount payable in respect of such services will not be adjusted in the event of any change in the rate of VAT.

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Initial Portfolio

Under the Mortgage Sale Agreement, on the Closing Date, the Seller will:

(a) assign to the Issuer by way of equitable assignment, a portfolio of mortgage loans originated or acquired by the Seller and secured over residential properties located in England and Wales and their associated mortgages and other Related Security (together, the **English Loans**); and

(b) hold on trust for the benefit of the Issuer under the Initial Scottish Declaration of Trust, a portfolio of mortgage loans originated or acquired by the Seller and secured over residential properties located in Scotland (the **Scottish Loans** and, together with the English Loans, the **Initial Loans**) and associated first ranking standard securities (together with the mortgages associated with the English Loans, the **Initial Mortgages** and, together with the other Related Security for the Initial Loans, the **Initial Related Security**),

in each case referred to as the **sale** by the Seller to the Issuer of the Initial Loans and Initial Related Security. The Initial Loans and Initial Related Security and all monies derived therefrom from time to time are referred to herein as the **Initial Portfolio**.

Any sale of English Loans (together with their Related Security) after the Closing Date will be assigned by way of equitable assignment to the Issuer.

Any sale of Scottish Loans after the Closing Date will be given effect by further Scottish Declarations of Trust under which the beneficial interest in the relevant Scottish Loans and their Related Security will be held by the Issuer.

The consideration due to the Seller in respect of the sale of the Initial Portfolio is the aggregate of:

(a) an amount equal to the Current Balance of the Loans in the Initial Portfolio on the Closing Date (the **Initial Consideration**); and

(b) a covenant by the Issuer to pay the Deferred Consideration in respect of the sale of the Initial Portfolio.

The Deferred Consideration will be paid in accordance with the priority of payments set out in the section headed "*Cashflows — Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer*" below.

In relation to the Scottish Loans, the terms, when used in the Mortgage Sale Agreement and the other Transaction Documents, (i) **sale**, **sell** and **sold** are construed to mean such Scottish Loans and their Related Security being held on trust under the relevant Scottish Declaration of Trust, and (ii) **repurchase** and **repurchased** are construed to include the repurchase of the beneficial interest of the Issuer in respect of such Scottish Loans and their Related Security under the relevant Scottish Declaration of Trust (as applicable).

New Portfolios

In any Monthly Period during the Revolving Period, the Seller may sell new residential mortgage loans (together with the Initial Loans, as the context requires, the **Loans**, and the associated mortgages and other security for the new Loans, together with the Initial Related Security, as the context requires, the **Related Security**), to the Issuer on any Business Day following the Monthly Pool Date for that Monthly Period, if the Cash Manager ascertains on behalf of the Issuer that there are sufficient funds standing to the credit of the Principal Ledger, to pay for the requisite New Portfolio Purchase Price on the relevant Sale Date(s). Each new Loan and its Related Security and all monies derived therefrom from time to time are referred to herein as a **New Portfolio**. The Loans and the Related Security and all monies derived therefrom from time to time are referred to herein as the **Portfolio**.

The date that each new Loan and its Related Security is sold to the Issuer is referred to herein as the **Sale Date**.

The consideration due to the Seller in respect of the sale of any new Loans and their Related Security is the aggregate of:

(a) an amount equal to the aggregate of the Current Balance of the new Loans on the relevant Sale Date (the **New Portfolio Purchase Price**); and

(b) a covenant by the Issuer to pay the Deferred Consideration in respect of the sale of the new Loans.

The Seller (or the Servicer on behalf of the Seller) shall notify the Issuer on each Sale Date of the New Portfolio Purchase Price due and payable by the Issuer in respect of each New Portfolio to be sold to the Issuer on such Sale Date. The Issuer shall pay to the Seller:

(a) on the applicable Sale Date, such New Portfolio Purchase Price by using amounts standing to the credit of the Principal Ledger following the deduction of the requisite reserve amount for the Issuer to repay the Class A Notes on the following Interest Payment Date down to the applicable Class A Target Amortisation Amount for that Interest Payment Date pursuant to item (a)(ii) of the Pre-Enforcement Principal Priority of Payments (such amount to be reserved on the Principal Ledger to be applied as Available Principal Receipts) (such deduction shall be referred to as the **Intra Period Deduction**; and

(b) the Deferred Consideration in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

If the Issuer is unable to fund the purchase of any New Portfolios on any Sale Date (in whole or in part), then the relevant New Portfolio Purchase Price Shortfall Amount shall be recorded to the debit of the New Portfolio Purchase Price Ledger in accordance with the Cash Management Agreement. The payment of the relevant New Portfolio Purchase Price Shortfall Amount shall be deferred to the following Interest Payment Date on which the Issuer will apply Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments to eliminate (to the extent possible) any remaining debit balance on the New Portfolio Purchase Price Ledger as at that Interest Payment Date. If the Issuer is unable to eliminate the remaining debit balance on the New Portfolio Purchase Price Ledger on such Interest Payment Date (following the application of the Pre-Enforcement Principal Priority of Payments and any Further Subordinated Note Funding to meet the relevant New Portfolio Purchase Price Shortfall Amount), then the Seller must offer to repurchase the relevant new Loan and its Related Security from the Issuer, on the Business Day immediately following such Interest Payment Date, at a repurchase price equal to the then Current Balance of the relevant Loan as at the date of such repurchase.

The Seller will select the new Loans to be offered to the Issuer during the Revolving Period using a system of assessing defined data on each of the qualifying new Loans in the Seller's overall portfolio of loans available for selection. This system allows the setting of exclusion criteria, among others, corresponding to relevant representations and warranties that the Seller makes in the Mortgage Sale Agreement in relation to the Loans. See "— *Representations and Warranties*" below. Once the criteria have been determined, the system identifies all loans owned by the Seller that are consistent with the criteria. From this subset, new Loans are selected until the target balance for new Loans has been reached or the subset has been exhausted. After a portfolio of new Loans is selected in this way, the constituent new Loans are monitored so that they continue to comply with the relevant New Portfolio Conditions on the Sale Date. Please see further "— *The Loans*" below.

The sale of new Loans and their Related Security to the Issuer will in all cases be subject to the following conditions as at the relevant Sale Date:

(a) the documents required to be delivered pursuant to the Mortgage Sale Agreement in connection with the sale and purchase of such New Portfolio are delivered to the Issuer;

(b) no Event of Default shall have occurred which is continuing and has not been waived;

(c) the purchase by the Issuer of the new Loans and any respective new Related Security would not cause the then current rating of the Class A Notes to be downgraded, qualified or withdrawn;

(d) no new Loan is in breach of any of the Loan Warranties;

(e) the Sale Date falls on a date which is prior to the Step-Up Date;

(f) no Revolving Period Termination Event has occurred or will occur as a result of the sale and purchase of such New Portfolio;

(g) on the relevant Sale Date, the Weighted Average Indexed LTV of all new Loans in the New Portfolio will not exceed 70 per cent.;

(h) on the relevant Sale Date, the Current Balance of the new Loans in the New Portfolio with an Original LTV of more than 80 per cent. will not exceed 50 per cent. of the aggregate Current Balance of the new Loans in the New Portfolio;

(i) on the relevant Sale Date, the Current Balance of the new Loans in the New Portfolio that are Interest-Only Loans will not exceed 5 per cent. of the aggregate Current Balance of the new Loans in the New Portfolio;

(j) on the relevant Sale Date, there are no new Loans in the New Portfolio which are one month or more in arrears;

(k) on the relevant Sale Date, the fixed rate period (excluding any non-interest bearing loan parts) applicable to each new Loan (if relevant) will terminate on a date prior to and including 10 years from the final pool cut-off;

(l) on the relevant Sale Date, the weighted average remaining life of the fixed rate period of the Fixed Rate Loans in the New Portfolio will not exceed 5 years;

(m) on the relevant Sale Date, the weighted average yield of the New Portfolio excluding all Fixed Rate Loans will exceed the Minimum Non-Fixed Yield;

(n) with respect to new Loans which are Fixed Rate Loans, the Issuer has, where required, entered into appropriate hedging arrangements in respect of such new Loans;

(o) on the relevant Sale Date, to the best of the Seller's knowledge, no Borrower had ever filed for bankruptcy or individual voluntary arrangements or had a CCJ or court decree awarded against that Borrower on or before the origination of any such new Loan; and

(p) on the relevant Sale Date, the Current Balance of the Loans with Borrowers who are self-employed in the New Portfolio will not exceed 15 per cent. of the aggregate Current Balance of the Loans in the New Portfolio,

(items (a) to (p) above, collectively, the **New Portfolio Conditions**).

Weighted Average Indexed LTV means the Indexed LTV of the relevant Loans weighted by the then Current Balance of such Loans.

The Seller is not permitted to sell new Loans to the Issuer at any time after it ceases to have available sufficient loans that are capable of meeting the predetermined credit quality requirements set out in the Mortgage Sale Agreement and complying in all material respects with the Loan Warranties.

The Seller is not obliged to sell new Loans to the Issuer if, in the Seller's opinion, it would adversely affect the business of the Seller.

Title to the Mortgages, Registration and Notifications

Each sale of English Loans and their Related Security to the Issuer will be made by way of equitable assignment. Each sale of Scottish Loans and their Related Security to the Issuer will be made by way of a Scottish Declaration of Trust under which the beneficial interest in such Scottish Loans will be transferred to

the Issuer. Legal assignment or assignation 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, if at all, in the limited circumstances described below. Notice of the sale of the Loans and their Related Security to the Issuer will not (except as stated below) be given to any Borrower. See "*Risk Factors — Risks related to the structure — Seller to Initially Retain Legal Title to the Loans".*

Legal assignment or assignation of the Loans and their Related Security to the Issuer will be completed within 25 Business Days of receipt of written notice from the Issuer requesting that the Seller take such actions. The Issuer will undertake that it will not make such a request unless any of the following events occur:

(a) the Seller being required to perfect transfer of legal title to the Loans and their Related Security (i) by an order of a court of competent jurisdiction or (ii) by any regulatory authority of which the Seller is a member and/or with whose instructions the Seller is required to comply; or

(b) it becoming necessary by law to perfect legal title to the Loans and their Related Security; or

(c) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or

(d) the property, assets and rights of the Issuer comprised in the security constituted by the Deed of Charge being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding to take action to reduce that jeopardy; or

(e) a Seller Insolvency Event; or

(f) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if: (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of (prior to the delivery of a Note Acceleration Notice) the Issuer or (after the delivery of a Note Acceleration Notice) the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days; and (ii) Moody's and/or Fitch has confirmed that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach, provided that: (A) this paragraph (f) shall not apply to the extent that none of the Notes satisfy the UK STS Requirements prior to the occurrence of any such breach; and (B) this paragraph shall be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such provision does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation) in respect of any Notes which are intended to satisfy the UK STS Requirements,

(each of the events set out in paragraphs (a) to (f) inclusive above being a **Perfection Event**).

A **Seller Insolvency Event** will occur in the following circumstances:

(a) an order is made or an effective resolution passed for the winding-up of the Seller (or it proposes or makes any composition or arrangement with its creditors); or

(b) the Seller ceases or threatens to cease to carry on the whole or substantially the whole of its business or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts 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), section 123(1)(b), (d) and (e), 123(1)(c) (on the basis that the words "for a sum exceeding £10 million" were inserted after the words "extract registered bond" and "extract registered protest") and 123(2) of the Insolvency Act (as that section may be amended) or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or otherwise becomes insolvent; or

(c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the Seller under any applicable liquidation, administration, reorganisation (other than a reorganisation where the relevant entity is solvent) or other similar laws, save where such proceedings are being contested in good faith; or an administrative or

other Receiver, administrator or other similar official is appointed in relation to the whole or the substantial part of the undertaking or assets of the Seller or the appointment of an administrator takes effect; or a distress, execution or diligence or other process is enforced upon the whole or the substantial part of the undertaking or assets of the Seller and in any of the foregoing cases it is not discharged within 30 Business Days; or

(d) any corporate action, legal proceedings or other procedure or step is taken in relation to an encumbrancer or other security holder (excluding, in relation to the Issuer, the Security Trustee or any Receiver) taking possession of (or otherwise enforcing any Security over) the whole or any part of the undertaking or assets of such company; or

(e) any procedure or step is taken, or any event occurs, analogous to those set out in paragraphs (a) to (d) above (inclusive), in any jurisdiction.

The Title Deeds and customer files relating to the Portfolio are currently held by or to the order of the Seller. The Seller has undertaken that all the Title Deeds and customer 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 Security Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Seller contained in the Mortgage Sale Agreement.

On the Closing Date the Seller will grant a security power of attorney to the Issuer and the Security Trustee allowing any of the Issuer and the Security Trustee, any Receiver or administrator appointed in respect of the Issuer or its assets and their delegates from time to time (*inter alia*) the right to set the Standard Variable Rate and any other Discretionary Rate in the circumstances set out in the Servicing Agreement and/or following the occurrence of a Perfection Event (the **Seller Power of Attorney**).

Representations and Warranties

The Seller has made (or, as the case may be, will make) to the Issuer and the Security Trustee, the Loan Warranties (as defined below):

(a) in respect of each Initial Loan and its Related Security as at the Closing Date (including the Loan Warranties set out in Parts 1 and 2 below);

(b) in respect of each new Loan and its Related Security, as at the relevant Sale Date (as if references in Parts 1 and 2 of the Loan Warranties to the "Loan" include the relevant new Loan without prejudice to any of those Loan Warranties explicitly stated to not apply to new Loans); and

(c) in relation to each Loan which is subject to a Product Switch as at the relevant Switch Date (as if references in Parts 1 and 2 below of the Loan Warranties to the "Loan" include the relevant Loan subject to a Product Switch).

The **Loan Warranties** to be given by the Seller will include, *inter alia*, the following representations and warranties:

Part 1

A. The Loans

(a) Each Loan was originated by the Seller, or acquired by the Seller from Lloyds Bank plc in 2013 pursuant to a Part VII transfer under the Financial Services and Markets Act 2000, in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the Seller applied at the time of origination to similar loans that are not securitised and is denominated in pounds Sterling.

(b) Prior to the making of each advance under a Loan, the Lending Criteria and all preconditions to the making of such advance were satisfied in all material respects subject only to exceptions as would be acceptable to a Reasonable Prudent Mortgage Lender.

(c) (i) Each Loan was made and its Related Security taken or received substantially on the terms of the Standard Documentation 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.

(ii) The brochures, application forms, offers, offer conditions and marketing material distributed by or on behalf of the Seller to the Borrower when offering a Loan to a Borrower do not conflict in any material respect with the terms applicable to the relevant Loan and its Related Security at the time that the Loan was entered into.

(d) No Loan is guaranteed by a third party save where the guarantee constitutes legal, valid and binding obligations of the guarantor enforceable in accordance with its terms.

(e) Interest on each Loan is charged in accordance with the Standard Documentation.

(f) No Loan, whether alone or with any related agreement, gives rise to any unfair relationship between the creditor and the debtor for the purposes of Sections 140A to 140D of the CCA.

(g) All of the Borrowers are individuals (and not partnerships) and were aged 18 years or older at the date of execution of the Mortgage.

B. The Mortgages

(a) The whole of the Current Balance on each Loan is secured by the relevant Mortgage.

(b) Each Mortgage is in the form of the relevant pro forma contained in the Standard Documentation which was applicable at the time the Mortgage was executed.

(c) Each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage or (in Scotland) first ranking standard security over the relevant Property, and subject only in certain appropriate cases to applications for registrations or recordings at the Land Registry of England and Wales or in the Registers of Scotland which, where required, have been made and are pending and in relation to such cases the Seller is not aware of any notice or any other matter that would prevent such registration or recording.

(d) Each Mortgage has first priority for the whole of the Current Balance on the Loan and all future interest, fees, costs and expenses payable under or in respect of such Mortgage.

(e) Each Loan and its Related Security is, save in relation to any term in any Loan and Related Security which is not binding by virtue of the UTCCR and the CRA, valid and binding and enforceable in accordance with its terms and is non-cancellable. To the best of the Seller's knowledge, none of the terms in any Loan or their Related Security, save for any term which relates to early repayment charges, the power to vary closing administration charges and the power to recover indemnity costs is unfair within the meaning of the UTCCR and the CRA. In this warranty, references to any legislation shall be construed as a reference to that legislation as amended, extended or re-enacted from time to time.

(f) As at the Closing Date, the relevant Sale Date or Switch Date (as applicable), no Mortgage has been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects its enforceability or collectability.

(g) No Mortgage has been entered into as a consequence of any conduct constituting fraud of the Seller and, to the best of the Seller's knowledge, no Mortgage has been entered into fraudulently by the relevant Borrower.

C. The Properties

(a) Each Property constitutes or is expected to constitute a separate dwelling unit and is either freehold (or the Scottish equivalent), leasehold or commonhold.

(b) Save for children of Borrowers and lessees and children of someone living with the Borrower and lessee, every person who, at the date upon which an English Mortgage was granted, had attained the age of seventeen, had the mental capacity to sign a Deed of Consent and was in or about to be in actual occupation of the relevant Property, 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 which was applicable at the time the Mortgage was executed. In respect of a Mortgage over Property situated in Scotland, all necessary MHA/CP Documentation has been obtained so as to ensure that neither the relevant Property nor the relevant Mortgage is subject to or affected by any statutory right of occupancy.

D. Valuers' and solicitors' reports

(a) In respect of the Loans, the Seller will either have obtained a Valuation Report or other evidence of value, the contents of which were such as would be acceptable to a Reasonable Prudent Mortgage Lender.

(b) Prior to the taking of each Mortgage (other than a remortgage), the Seller: (1) instructed its solicitor or licensed conveyancer or (in Scotland) qualified conveyancer to carry out an investigation of title to the relevant mortgaged property and to undertake other searches, investigations, enquiries and other actions on behalf of the Seller, in accordance with the instructions which the Seller issued to the relevant solicitor or licensed conveyancer or (in Scotland) qualified conveyancer as are set out in the applicable UK Finance Lenders' Handbook or other comparable, predecessor or successor instructions and/or guidelines as may for the time being be in place, subject only to those variations made on a case-by-case basis as would be acceptable to a Reasonable Prudent Mortgage Lender; and (2) received a Certificate of Title from such solicitor or licensed conveyancer or (in Scotland) qualified conveyancer relating to such mortgaged property, the contents of which would have been acceptable to a Reasonable Prudent Mortgage Lender at that time.

E. General

(a) The Seller has, since the making of or acquisition of each Loan, kept or procured the keeping of full and proper accounts, books and records showing clearly all variations in the relevant financial terms and conditions, transactions, payments, payment holidays, receipts, proceedings and notices relating to such Loan.

Part 2

A. The Loans

(a) The particulars of the Loans set out in Part 1 (Initial Portfolio) of Appendix 1 (Documents Related to the Initial Portfolio) of the Mortgage Sale Agreement (or, as the case may be, the relevant New Portfolio Notice and each Scottish Declaration of Trust) are true, complete and accurate in all material respects.

(b) Each Loan is of a type described in paragraph 2(g)(i) of Article 13 (*Level 2B securitisations*) of 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 and/or in accordance with any official guidance issued in relation thereto.

(c) No Loan was originated earlier than 1 January 2002.

(d) The final legal maturity date of each Loan falls on a date which is at least two years prior to the Final Legal Maturity Date.

(e) No Loan has an Original LTV greater than 95 per cent.

(f) As at the Closing Date, the relevant Sale Date or Switch Date (as applicable), no Loan has a Current Balance of more than £2,000,000.

(g) As at the Closing Date or the relevant Sale Date (as applicable), no Loan has an Indexed LTV greater than 95 per cent.

(h) The Loans to be purchased by the Issuer have, as at the Closing Date (in the case of Loans in the Initial Portfolio), or as at the relevant Sale Date (in the case of new Loans), a standardised risk weight equal to or less than 40 per cent. on an exposure value-weighted average basis for the Portfolio or New Portfolio, as applicable, as such terms are described in Article 243 of the UK Capital Requirements Regulation.

(i) The brochures, application forms, offers, offer conditions and marketing material distributed by or on behalf of the Seller to the Borrower when offering a Loan to a Borrower do not conflict with, and would not prohibit or otherwise limit the terms of, the Transaction Documents or the matters contemplated thereby, including, without limitation:

(A) the assignment and assignation of the Loans and their Related Security or the granting of each Scottish Declaration of Trust; and

(B) the administration of the Loans and their Related Security by the Servicer or a delegate of the Servicer or the appointment of a new Servicer following the occurrence of an Insolvency Event in relation to the Servicer.

(j) At least one Monthly Payment has been made in respect of each Loan or, in the case of a Product Switch, the original advance.

(k) So far as the Seller is aware, other than with respect to Monthly Payments, no Borrower is or has, since the date of the execution of the relevant Mortgage, been in material breach of any obligation owed in respect of the relevant Loan or its Related Security and accordingly no steps have been taken by the Seller to enforce any Related Security.

(l) No Loan is a Loan which, so far as the Seller is aware, having made all reasonable enquiries, is a Loan to a Borrower who is a "credit-impaired obligor" as described in Article 13(2)(j) of the UK LCR Regulation or paragraph 2(k) of Article 177 of the UK Solvency II Regulation.

(m) No Loan is a Loan which, so far as the Seller is aware, having made all reasonable enquiries, is a Loan to a Borrower or guarantor who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto.

(n) No Loan was one or more months in arrears in the 12 months preceding the Closing Date, the relevant Sale Date or Switch Date (as applicable), or, if such Loan was originated on a date within twelve (12) months of the Closing Date, the relevant Sale Date or Switch Date (as applicable), in the period from the date of such Loan's origination.

(o) No Loan was or is, as at the Closing Date, the relevant Sale Date or Switch Date (as applicable), a Right-To-Buy Loan, a Buy-to-Let Loan, a Self-Certified Loan or an Equity Release Mortgage Loan.

(p) Each Loan has a positive Current Balance.

(q) Under current law and as the transaction is structured, amounts due under the Loans are not subject to withholding or deduction for or on account of any tax in their jurisdiction of origination.

(r) No lien or contractual right of set-off or counterclaim has been created or arisen which would reduce the amount payable under the Loan between the Seller and the relevant Borrower.

(s) No Loan was originated under a Staff Scheme.

(t) No Loan nor its Related Security consists of or includes any "stock" or "marketable securities" within the meaning of section 125 of the Finance Act 2003, "chargeable securities" for the purposes of section 99 of the Finance Act 1986, a "chargeable interest" for the purposes of section 48 of the Finance Act 2003, a "chargeable interest" for the purposes of section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 or a "chargeable interest" for the purposes of section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013.

(u) The Related Security consists wholly and exclusively of rights held by way of security and does not comprise any beneficial entitlement to any assets other than assets which are rights held by way of security.

B. The Properties

(a) All of the Properties are located in England, Wales or Scotland.

(b) No Loan relates to a Property which is not a residential Property.

C. Insurance

(a) So far as the Seller is aware, buildings insurance cover for such Property is available under a policy arranged by the Borrower or by or on behalf of the Seller or a buildings insurance policy arranged by the relevant landlord or the Properties in Possession Cover.

(b) No act, event or circumstance has occurred which would adversely affect the Properties in Possession Cover or entitle the insurers to refuse to make payment thereunder or to reduce the amount payable in respect of any claim thereunder.

D. The Seller's title

(a) The Seller has full right, good and valid title to, and is the absolute unencumbered legal and beneficial owner of all property, interests, rights and benefits agreed to be sold by the Seller to the Issuer under the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and unregistered dispositions which override first registration and unregistered interests which override registered dispositions (as listed in Schedule 1 and Schedule 3, respectively, of the Land Registration Act 2002) in the case of any property, interests or rights governed by English law) and the Seller is not in breach of any covenant implied by reason of its selling the relevant Portfolio with full title guarantee or with absolute warrandice or as beneficial owner, as the case may be.

(b) 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 with all due diligence and without undue delay.

(c) The customer files relating to each of the Loans and their Related Security are held by, or are under the control of:

(i) the Seller;

(ii) the Servicer; or

(iii) the Seller's solicitors or licensed conveyancers or (in Scotland) qualified conveyancers to the order of the Seller.

(d) Neither the entry by the Seller into the Mortgage Sale Agreement nor any transfer, assignment, assignation or creation of trust contemplated by the Mortgage Sale Agreement adversely affects or will adversely affect any of the Loans and their Related Security (including, without limitation, the Insurance Policies) 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.

(e) The Seller has not knowingly waived or acquiesced in any breach of any of its rights in respect of a Loan or its Related Security, other than waivers and acquiescence such as a Reasonable Prudent Mortgage Lender might make on a case-by-case basis.

(f) All approvals, consents and other steps necessary to permit a legal or equitable or beneficial transfer of the Loans, or a transfer of servicing or other disposal as and in the manner contemplated by the Transaction Documents away from the Seller of the Loans and their related Mortgages to be sold under the Mortgage Sale Agreement, have been obtained or taken, and there is no requirement in order for the transfer to be effective to obtain the consent of the Borrower before, on or after any equitable or beneficial transfer or before any legal transfer of the Loans and their related Mortgages and such transfer or disposal shall not give rise to any claim by the Borrower against the Issuer, the Security Trustee or any of their successors in title, assigns or assignees.

(g) As at the Closing Date, the relevant Sale Date or Switch Date (as applicable), each Mortgage and its Related Security has been transferred, and each transfer is enforceable against creditors of the Seller, and is neither prohibited nor invalid save only for applicable laws affecting the rights of creditors generally.

E. General

(a) Neither the Seller nor, as far as the Seller is aware, any of its agents has received written notice of any litigation, claim, dispute or complaint (in each case, subsisting, threatened or pending) in respect of any Borrower, Property, Loan, Mortgage, Related Security, relevant policy or Properties in Possession Cover which (if adversely determined) might have a material adverse effect on the Portfolio or any part of it.

(b) There are no authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to make the Mortgage Sale Agreement legal, valid, binding, enforceable and admissible in evidence.

Bank of England Base Rate means the Bank of England's official dealing rate (the repo rate) as set by the UK Monetary Policy Committee and, in the event that this rate ceases to exist or becomes inappropriate as an index for the Standard Variable Rate and the Tracker Rate Loans, such alternative rate or index which is not controlled by the Seller, that the Seller considers to be the most appropriate in the circumstances.

Buy-to-Let Loans means Loans taken out by Borrowers in relation to the purchase or remortgage of properties for letting purposes.

Certificate of Title means a solicitor's, licensed conveyancer's or (in Scotland) qualified conveyancer's report or 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.

Deed of Consent means a deed whereby a person in or intended to be in occupation of a Property agrees with the Seller to postpone his or her interest (if any) in the Property so that it ranks after the interest created by the relevant Mortgage (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time).

Discretionary Rate means any discretionary rate set by the Seller, including the Standard Variable Rate and the Homeowner Variable Rate (which is the Seller's current reversionary rate) applicable to any Loan.

Discretionary Rate Loans means loans subject to one of the Seller's Discretionary Rates, including the Homeowner Variable Rate.

Homeowner Variable Rate or **HVR** means the Seller's current reversionary rate, being 8.74 per cent. as at the Closing Date, as administered, at the discretion of the Seller in accordance with the Mortgage Conditions and the Seller's lending policy.

Equity Release Mortgage Loan means a residential mortgage loan where borrowers have monetised their properties for either a lump sum of cash or regular periodic income (for example as a retirement plan), with no repayment of the loan envisaged before the sale of the property.

Fixed Rate Loans means those Loans where the interest rate payable by the Borrower does not vary and is fixed for a certain period of time by the Seller.

Further Advance means, in relation to a Loan, any advance of further money to the relevant Borrower following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance, 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.

Halifax House Price Index means the "Regional Halifax House Price Index on a Quarterly Basis (rounded to one decimal place)" or any replacement index (including any rebased index) published by Markit Group Limited, or its successor.

In Arrears or **in arrears** means, in respect of a Mortgage Account, that one or more Monthly Payments in respect of such Mortgage Account have become due and remain unpaid (either in whole or in part) by a Borrower.

Indexed LTV means with respect to any Loan on any date the ratio (expressed as a percentage) of the Current Balance of the relevant Loan divided by the indexed valuation of the relevant Property based on the Halifax House Price Index, from the date of the latest recorded valuation of the Property to the relevant date on which the Indexed LTV is required to be determined (noting that indices published in connection with the Halifax House Price Index are applied by the Seller on the month-end after the relevant quarter of publication).

Initial Advance means, in respect of any Loan, the original principal amount advanced by the Seller including any retention(s) advanced to the relevant Borrower in accordance with the Mortgage Conditions after completion of the Mortgage but excluding any Further Advance relating to any such Loan.

Insolvency Event means, in respect of the Servicer, the Corporate Services Provider or the Cash Manager (each, for the purposes of this definition, a **Relevant Entity**):

(a) an order is made or an effective resolution passed for the winding-up of the Relevant Entity; or

(b) the Relevant Entity ceases or threatens to cease to carry on the whole of its business or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or otherwise becomes insolvent; or

(c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the Relevant Entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the Relevant Entity is solvent) or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other Receiver, administrator or other similar official is appointed in relation to the whole or the substantial part of the undertaking or assets of the Relevant Entity or the appointment of an administrator takes effect; or a distress, execution or diligence or other process is enforced upon the whole or the substantial part of the undertaking or assets of the Relevant Entity and in any of the foregoing cases it is not discharged within 15 Business Days; or if the Relevant Entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness.

Insurance Policies means the Properties in Possession Cover and **Insurance Policy** shall be construed accordingly.

Land Registry means the body responsible for recording details of land in England and Wales.

Loan Repurchase Notice means a notice substantially in the form set out in Part 1 (*Loan Repurchase Notice*) of Schedule 7 (*Loan repurchase documentation*) to the Mortgage Sale Agreement.

LTV, **LTV Ratio** or **loan-to-value ratio** means the ratio (expressed as a percentage) of the Current Balance of a Loan to the value of the Property securing that Loan.

MHA/CP Documentation means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby.

Minimum Non-Fixed Yield means a rate equal to the Bank of England Base Rate plus 1 per cent.

Monthly Payment means the amount which the relevant Loan Conditions require a Borrower to pay on each Monthly Payment Date in respect of that Borrower's Loan.

Monthly Payment Date means the date in each month on which interest (and principal in relation to a Repayment Loan) is due to be paid by a Borrower on a Loan under the applicable Mortgage Terms.

Monthly Period means the monthly period commencing on and including the first calendar day of each month and ending on and including the last calendar day of each month except that the first Monthly Period will commence on the Closing Date and end on the last calendar day of September 2024;

Monthly Pool Date means the 8th Business Day of each calendar month;

Monthly Test Date means the 5th Business Day of each calendar month;

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 and the Offer Conditions.

Mortgage Terms means all the terms and conditions applicable to a Loan and/or Mortgage, including, without limitation, the applicable Mortgage Conditions, Loan Conditions and Offer Conditions.

New Portfolio Notice means a notice substantially in the form set out in the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement.

Offer Conditions means the terms and conditions applicable to a specified Loan as set out in the relevant offer letter to the Borrower.

Original LTV means, with respect to any Loan, the ratio (expressed as a percentage) of the original balance of that Loan, excluding any fees, to the original valuation amount of the Property securing that Loan as at the completion date for that Loan.

Properties in Possession Cover means the properties in possession cover written by QBE European Operations plc ("**QBE**") for Loans in favour of the Seller and any endorsements or extensions thereto as issued from time to time, or any such similar alternative or replacement properties in possession policy or policies as may be issued from time to time in favour of the Seller.

Registers of Scotland means the General Register of Sasines or the Land Register of Scotland (as appropriate).

Right-To-Buy Loan means the Loans and their Related Security in the Portfolio that were extended to Borrowers in connection with the purchase (or refinancing of the purchase) by those Borrowers of

Properties from local authorities or certain landlords under the "right-to-buy" schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001).

Security Interest means any mortgage, sub-mortgage, standard security, charge, sub-charge, pledge, lien (other than a lien arising in the ordinary course of business or by operation of law), assignation in security or other encumbrance or security interest howsoever created or arising.

Self-Certified Loan means a Loan where the application was taken on, and marketed with, the understanding that evidence of the declared income would not be required in order to underwrite the loan.

Staff Scheme means a loan product type offered to employees of TSB Bank; for the avoidance of doubt, Mortgages to TSB Bank employees which are originated from the standard product range and are available with no concessions are not considered Loans originated under a Staff Scheme.

Standard Documentation means the standard documentation, a list of which is set out in Part 2 (*Standard Documentation*) of Appendix 1 (*Documents related to the Initial Portfolio*) 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 Reasonable Prudent Mortgage Lender.

Standard Variable Rate or **SVR** means the Seller's Discretionary Rate capped at 2 per cent. above the Bank of England Base Rate, but otherwise administered, at the discretion of the Seller in accordance with the Mortgage Conditions and the Seller's lending policy.

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.

UK Solvency II Regulation or **UK Solvency II** means Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of business of Insurance and Reinsurance as it forms part of domestic law by virtue of the EUWA.

Valuation Report means the valuation report or reports for mortgage purposes obtained by the Seller from a Valuer or generated by an automated valuation model in respect of each relevant Property or a valuation report in respect of a valuation of a Property made using a methodology which would be acceptable to a Reasonable Prudent Mortgage Lender and which has been approved by the Seller (or its successor).

Valuer means an Associate, Member or Fellow of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers who was at the relevant time a member of a firm which was on the list of Valuers approved by or on behalf of the Seller from time to time.

Part 3

Further Advances and Product Switches

(a) The Further Advance is secured by a Mortgage constituting a valid and subsisting first charge by way of legal mortgage or, in Scotland, first ranking standard security over the relevant Property, subject only, in appropriate cases, to registration or recording at the Land Registry or Registers of Scotland.

(b) The Product Switch will be similar to switches offered to the Seller's mortgage borrowers whose mortgages do not form part of the Portfolio.

(c) There is no Seller Insolvency Event occurring as at the relevant Switch Date.

Further Advances

The Seller shall be solely responsible for funding any Further Advance which is advanced to a Borrower. The Seller will have an obligation to repurchase on the Advance Date itself, each Loan and its Related Security in respect of which a Further Advance has been made in accordance with the provisions of the Mortgage Sale Agreement. (See "*Repurchase by the Seller*" below for more details).

Neither the Servicer nor the Seller shall make an offer to a Borrower for a Further Advance if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities or if the Issuer would be required to be authorised under the FSMA to do so.

Product Switches

At any time prior to the redemption in whole of the Notes and subject to satisfaction of certain conditions, 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. The Seller will only make a Product Switch if making such Product Switch is consistent with the Seller's Policy.

Any Loan which has been subject to a Product Switch will remain in the Portfolio (subject to a further Scottish Declaration of Trust being declared in respect of each Scottish Loan subject to a Product Switch, if required) unless otherwise repurchased by the Seller in accordance with the terms of the Mortgage Sale Agreement (see "*Repurchase by the Seller – Product Switches*" *below*).

Product Switch means any variation in the financial terms and conditions applicable to a Loan other than any variation:

(a) agreed with a Borrower to control or manage arrears on such Loan;

(b) imposed by statute;

(c) in the rate of interest payable (including a switch between interest-only payments and repayment) to another rate of interest permitted under, or otherwise contemplated by, the relevant Mortgage Terms (including to a reversionary rate of the Seller); or

(d) in the frequency with which the interest payable in respect of such Loan is charged.

Repurchase by the Seller

As set out above and below, the Seller shall repurchase relevant Loans and their Related Security in the following circumstances:

(a) *Breaches of Loan Warranties*. In the event that there is a breach of any of the Loan Warranties in respect of any Loan and/or its Related Security or if any of those Loan Warranties proves to be untrue as at the Closing Date or as at the relevant Sale Date and such breach or untruth might have a material adverse effect on the value of the relevant Loan; provided that:

   a. the Issuer (or the Servicer on behalf of the Issuer) has given the Seller not less than twenty (20) Business Days' notice in writing (or such shorter period of notice as may be agreed between the Issuer (or the Servicer on behalf of the Issuer) and the Seller); and

   b. such material breach or untruth, where capable of remedy, is not remedied to the reasonable satisfaction of (prior to the delivery of a Note Acceleration Notice) the Issuer or (after the delivery of a Note Acceleration Notice) the Security Trustee within the twenty (20) Business Day period referred to above or such longer period as may be agreed among the Issuer, the Security Trustee and the Seller),

then the Issuer (or the Servicer on behalf of the Issuer) shall serve upon the Seller a notice in the form of the Loan Repurchase Notice requiring the Seller to repurchase the relevant Loan and its Related Security (and any other Loan secured or intended to be secured by that Related Security or any part of it) at a repurchase price equal to the then Current Balance of the relevant Loan as at the date of such repurchase.

Without prejudice to the above, if the Servicer determines on a Monthly Test Date that there is a breach of any of the Loan Warranties with respect to any new Loan and its Related Security (as at the relevant Sale Date) purchased by the Issuer in the preceding Monthly Period, the Seller may offer to repurchase the relevant new Loan and its Related Security from the Issuer, on such Monthly Test Date or on any Business Day on or prior to the Monthly Pool Date immediately following such Monthly Test Date, at a repurchase price equal to the then Current Balance of the relevant new Loan as at the date of such repurchase by delivering a Notice of Offer to Repurchase Loans to the Issuer substantially in the form set out in the Mortgage Sale Agreement. The Issuer (or the Servicer on behalf of the Issuer) may at its absolute discretion accept such offer by delivering a Loan Repurchase Notice duly signed on behalf of the Issuer and the provisions of the Mortgage Sale Agreement shall apply.

(b) *Breaches of New Portfolio Conditions.* If the Seller sells a New Portfolio to the Issuer on a Sale Date and, on the Monthly Test Date following the Monthly Period in which that relevant Sale Date occurred, it is determined that the relevant New Portfolio Conditions were not satisfied with respect to such new Loans and their Related Security as at the relevant Sale Date, then the Issuer (or the Servicer on behalf of the Issuer) will serve upon the Seller a notice in the form of the Loan Repurchase Notice requiring the Seller to repurchase (subject to no Seller Insolvency Event having occurred in relation to the Seller) the relevant new Loans and their Related Security which caused the New Portfolio Conditions to not be satisfied on that Sale Date (and any other Loan secured or intended to be secured by that Related Security or any part of it) at a repurchase price equal to the then aggregate Current Balance of the relevant Loans as at the date of such repurchase.

(c) *Further Advances*. The Seller shall repurchase on the Advance Date itself, any Loan and its Related Security in respect of which a Further Advance was made in accordance with the terms of the Mortgage Sale Agreement.

(d) *Product Switches*.

Breach of Loan Warranty/Portfolio Eligibility Triggers: If the Servicer determines on a Monthly Test Date that there is a breach of any of the Loan Warranties or a breach of any of the Portfolio Eligibility Triggers with respect to any Product Switch made in the preceding Monthly Period, the Seller must offer to repurchase the relevant Loan and its Related Security from the Issuer (such repurchase to be completed on any Business Day on or before the Monthly Pool Date immediately following such Monthly Test Date) at a repurchase price equal to the then Current Balance of the relevant Loan as at the date of such repurchase by delivering a Notice of Offer to Repurchase Loans to the Issuer substantially in the form set out in the Mortgage Sale Agreement.

Non-Eligible Product Switch: If the Seller (or the Servicer on behalf of the Seller) determines on a Monthly Test Date that a Product Switch made to a Borrower is or has become a Non-Eligible Product Switch or is made after the Revolving Period End Date, then the relevant Loan and its Related Security must be repurchased by the Seller on any Business Day on or before the Monthly Pool Date immediately following such Monthly Test Date (following receipt by the Seller of a Loan Repurchase Notice), at a repurchase price equal to the then Current Balance of the relevant Loan as at the date of such repurchase.

In each case, the Issuer (or the Servicer on behalf of the Issuer) may at its absolute discretion accept such offer by delivering a Loan Repurchase Notice duly signed on behalf of the Issuer and the provisions of the Mortgage Sale Agreement shall apply.

(e) *Repurchase of New Portfolios*. In the event that a New Portfolio Purchase Price Shortfall Amount remains to the debit of the New Portfolio Purchase Price Ledger after the application of the Pre-Enforcement Principal Priority of Payments on an Interest Payment Date and the making (if any) of a Subordinated Note Drawing, the Seller must offer to repurchase the relevant new Loan and its Related Security from the Issuer, on any Business Day on or prior to the following Monthly Pool Date, at a

repurchase price equal to the then Current Balance of the relevant new Loan(s) as at the date of such repurchase by delivering a Notice of Offer to Repurchase Loans to the Issuer substantially in the form set out in the Mortgage Sale Agreement. The Issuer (or the Servicer on behalf of the Issuer) may at its absolute discretion accept such offer by delivering a Loan Repurchase Notice duly signed on behalf of the Issuer and the provisions of the Mortgage Sale Agreement shall apply.

(f) *Repurchase of Non-Compliant Loans*. The Seller may, but will not be required, at any time, to offer to repurchase any Loan (including any Loan subject to a Product Switch) sold to the Issuer pursuant to the Mortgage Sale Agreement which is (i) not of a type described in Article 13 (Level 2B securitisations) of the UK LCR Regulation or (ii) not compliant with Article 19, 20, 21 or 22 of the UK Securitisation Regulation or Article 243 of the UK CRR and/or in accordance with any official guidance issued in relation thereto (each a **Non-Compliant Loan**).

In each case, the Seller may offer to repurchase the relevant Non-Compliant Loan and its Related Security from the Issuer at a repurchase price equal to the then Current Balance of the relevant Non-Compliant Loan as at the date of such repurchase by delivering a Notice of Offer to Repurchase Loans to the Issuer substantially in the form set out in the Mortgage Sale Agreement. The Issuer (or the Servicer on behalf of the Issuer) may at its absolute discretion accept such offer by delivering a Loan Repurchase Notice duly signed on behalf of the Issuer and the provisions of the Mortgage Sale Agreement shall apply.

(g) *Optional Redemption (Optional Redemption Date)*. On the Optional Redemption Date, provided that no Seller Insolvency Event has occurred, the Seller may by delivering a Notice of Offer to Repurchase Loans to the Issuer substantially in the form set out in the Mortgage Sale Agreement offer to repurchase all of the Loans (but not some only) and their Related Security from the Issuer at a repurchase price equal to the then aggregate Current Balance of the Loans as at the date of such repurchase; *provided that* the Issuer shall be required to use the proceeds of such a sale of the Loans and their Related Security to redeem all of the Notes in accordance with the relevant Conditions.

Loan Repurchase Notice means a loan repurchase notice from the Issuer to the Seller substantially in the form set out in the Mortgage Sale Agreement.

Notice of Offer to Repurchase Loans means a notice from the Seller to the Issuer of an offer by the Seller to repurchase Loans substantially in the form set out in the Mortgage Sale Agreement.

No active portfolio management

The Seller's rights and obligations to sell Loans and their Related Security to the Issuer and/or repurchase Loans and their Related Security from the Issuer pursuant to the Mortgage Sale Agreement, including with respect to breaches of Loan Warranties, Product Switches, New Portfolios and Non-Compliant Loans do not constitute active portfolio management for purposes of Article 20(7) of the UK Securitisation Regulation.

Governing Law

The Mortgage Sale Agreement will be governed by English law (other than certain aspects relating to the Scottish Loans and their Related Security which are to be construed in accordance with Scottish law).

Servicing Agreement

Introduction

On the Closing Date, the Servicer will be appointed by each of the Issuer and, in the case of Scottish Loans, for so long as they are subject to a trust created by a Scottish Declaration of Trust (a **Scottish Trust**), the Seller in its capacity as trustee in respect of each Scottish Trust, to be its agent to service the Loans and their Related Security. The Servicer must comply with any proper directions and instructions that the Issuer or, following service of a Note Acceleration Notice, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement. The Servicer is required to service the Loans in accordance with the Servicing Agreement and with the Seller's servicing, arrears and enforcement policies and procedures forming part of the Seller's policy from time to time as they apply to those Loans (the **Seller's Policy**).

The Servicer's actions in servicing the Loans and their Related Security in accordance with its procedures are binding on the Issuer. The Servicer may, in some 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 their Related Security and for the acts or omissions of any delegate or sub-contractor.

Powers

Subject to the guidelines for servicing set forth in the preceding section, the Servicer will have the power, among other things:

(a) to exercise the rights, powers and discretions of the Issuer in relation to the Loans and their Related Security and to perform the Issuer's 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 servicing of the Loans and their Related Security or the exercise of such rights, powers and discretions.

Undertakings by the Servicer

The Servicer will undertake, among other things, to:

(a) service the Loans and their Related Security as if the same had not been sold to the Issuer (or, in respect of the Scottish Loans, held on trust under a Scottish Trust) but had remained with the Seller in accordance with the Seller's Policy as it applies to those Loans from time to time;

(b) provide the Services in such manner and with the same level of skill, care and diligence as would a Reasonable Prudent Mortgage Lender;

(c) comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement;

(d) keep in force all approvals, authorisations, permissions, consents and licences required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences required in connection with the performance of the Services under the Servicing Agreement and in particular any necessary notification under the Data Protection Laws and any authorisation and permissions under the FSMA and any other applicable legislation;

(e) save as otherwise agreed with the Issuer, provide upon written request, free of charge to the Issuer, office space, facilities, equipment and staff sufficient to enable the Issuer to perform its obligations under the Servicing Agreement;

(f) not knowingly fail to comply with any legal or regulatory requirements in the performance of the Services which would have a material adverse effect on the ability of the Servicer to perform the Services;

(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 by law;

(h) not, without the prior written consent of the Security Trustee, amend or terminate any of the Transaction Documents (acting on behalf of the Issuer) save in accordance with their terms;

(i) provide a monthly report to the Issuer and the Cash Manager;

(j) provide to the Cash Manager all information in its possession necessary for any reporting obligation to be undertaken by the Cash Manager on behalf of the Seller (as originator) in accordance with the UK Securitisation Regulation and as required pursuant to the Seller's contractual obligations with respect to the EU Securitisation Regulation (as interpreted and applied as at the Closing Date), including without limitation, the Quarterly Reports, the Cash Flow Model, UK Loan Level Information and any other reports or information pursuant to the Cash Management Agreement, to the extent required;

(k) as soon as reasonably practicable 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 in writing of such event;

(l) deliver to the Issuer and the Security Trustee as soon as reasonably practicable but in any event within seven Business Days of becoming aware thereof a notice of any Servicer Termination Event or any event which with the giving of notice or lapse of time or certification would constitute the same; and

(m) carry out all other actions required to be performed by the Servicer pursuant to the terms of the Transaction Documents,

provided that the Servicer will not commit any act or omission in relation to any Loan or its Related Security or the relevant Borrower that would require the Issuer or the Security Trustee to hold any authorisation or permission under the FSMA.

Product Switches and Further Advances

The Servicer has agreed with the Issuer and the Seller that it will (in its capacity as Servicer) service the Loans and their Related Security in connection with any Further Advances and any Product Switches, including (without limitation) to accept applications from, or make offers to, relevant Borrowers for Further Advances, Product Switches and any variation in the Mortgage Terms which is not deemed to be a Product Switch and perform all associated functions and the Seller's duties in connection with any Further Advance, Product Switch or any variation in the Mortgage Terms which is not deemed to be a Product Switch.

The Servicer, on behalf of and as agent for the Seller, may accept an application for a Further Advance or Product Switch from Borrowers provided that the Servicer acts in accordance with the Seller's Policy and with the then applicable procedure which would be acceptable to a Reasonable Prudent Mortgage Lender and further provided that to do so would not cause the Issuer or the Security Trustee to contravene the FSMA.

The Seller shall repurchase on the Advance Date itself, any Loan and its Related Security in respect of which a Further Advance was made in accordance with the terms of the Mortgage Sale Agreement.

The Servicer has agreed that its obligations shall be on the terms and subject to the conditions of the Servicing Agreement and the Mortgage Sale Agreement.

Loan Warranties and New Portfolio Conditions

Without prejudice to any subsequent determination of a breach of Loan Warranty, the Servicer shall test the compliance with the Loan Warranties applicable to Product Switches or new Loans on the Monthly Test Date following the Monthly Period in which the relevant Switch Date or Sale Date, as applicable, occurs. Such testing shall be carried out by the Servicer by reference to the circumstances existing as at that relevant Switch Date or Sale Date, as applicable. The Servicer shall notify the Issuer and the Seller in writing of any breach of such Loan Warranties.

Without prejudice to any subsequent determination of a breach of the New Portfolio Conditions, the Servicer shall test the compliance with the New Portfolio Conditions on the Monthly Test Date following the Monthly Period in which the Sale Date in relation to a New Portfolio occurs. Such testing shall be carried out by the Servicer by reference to the circumstances existing as at that relevant Sale Date. The Servicer shall notify the Issuer and the Seller in writing of any breach of such New Portfolio Conditions.

If, pursuant to the Mortgage Sale Agreement, the Issuer is required to serve a Loan Repurchase Notice, or is entitled to accept an offer contained in a Notice of Offer to Repurchase Loans, the Servicer shall do so on

behalf of the Issuer (although nothing herein shall in any way limit the Issuer's discretion in accepting such offer).

Portfolio Eligibility Triggers

The Servicer shall (i) test item (f) of the definition of Portfolio Eligibility Trigger with respect to an Interest Payment Date and (ii) notify the Issuer, the Seller, the Cash Manager and the Security Trustee in writing of any breach of item (f) or any other item of the definition of Portfolio Eligibility Trigger (other than items (a), (b) and (c) of the definition of Portfolio Eligibility Trigger). Items (a), (b) and (c) of the definition of Portfolio Eligibility Triggers will be tested by the Cash Manager and notified to the Issuer, the Seller, the Cash Manager and the Security Trustee in writing as described under "— *Cash Management Agreement*" below.

Setting of Interest Rates on the Loans

In addition to the undertakings described above, the Servicer has also undertaken in the Servicing Agreement to determine and set, in relation to the Loans, the Discretionary Rates applicable in relation to the Loans from time to time, except in the limited circumstances described below when the Issuer will be entitled to do so.

The Servicer will not at any time, without the prior consent of the Issuer, set or maintain the Standard Variable Rate, Homeowner Variable Rate, or any other Discretionary Rate applicable to any variable rate Loan sold by the Seller to the Issuer and in the Portfolio at a rate which is higher than (although it may be lower than or equal to) the then prevailing Standard Variable Rate, Homeowner Variable Rate, or any other Discretionary Rate (as applicable), which applies to that type of Loan beneficially owned by the Seller outside the Portfolio, unless the Servicer is required to do so pursuant to the Servicing Agreement due to an interest rate shortfall or in connection with its lowering of any Discretionary Rate, and, subject to that requirement, it shall not change any Discretionary Rate in relation to any Loans sold by the Seller and in the Portfolio save for the same reasons as the Seller was entitled, under the Mortgage Terms, to change the Discretionary Rates of the Seller prior to the sale to the Issuer of the Loans comprised in the Portfolio and their Related Security. The Issuer shall be bound by the Discretionary Rate in relation to any Loan set in accordance with the Servicing Agreement.

In particular, the Servicer shall determine on each Calculation Date immediately preceding each Interest Payment Date taking into account the aggregate of:

(a) the revenue which the Issuer would expect to receive during the next succeeding Interest Period;

(b) the Discretionary Rates applicable in respect of the Loans which the Servicer proposes to set under the Servicing Agreement for the relevant Interest Period; and

(c) the other resources available to the Issuer, including the Interest Rate Swap, the Back-up Swap and the Liquidity Reserve Fund,

whether the Issuer would receive an amount of revenue during the relevant Interest Period which, when aggregated with the funds otherwise available to it, is less than the amount which is the aggregate amount in respect of interest which would be payable in respect of the Notes on the Interest Payment Date falling at the end of such Interest Period and amounts which rank in priority thereto under the relevant Priorities of Payments (the amount by which it is less being the **Interest Rate Shortfall**).

If the Servicer determines that there is an Interest Rate Shortfall, it will within one (1) Business Day of such determination give written notice to the Issuer, the Seller and the Security Trustee of the Interest Rate Shortfall, the relevant Discretionary Rate(s) applicable which would (taking into account the applicable Mortgage Terms), in the Servicer's reasonable opinion, need to be set in order for no Interest Rate Shortfall to arise, having regard to the date(s) (which shall be specified in the notice) on which such change to the relevant Discretionary Rate(s) would take effect, and at all times acting in accordance with the standards of a Reasonable Prudent Mortgage Lender. For the avoidance of doubt, any action taken by the Servicer to set the relevant Discretionary Rate(s) lower than that of the competitors of the Seller will be deemed to be in accordance with the standards of a Reasonable Prudent Mortgage Lender.

If the Issuer notifies (with a copy to the Security Trustee) the Servicer that, having regard to the obligations of the Issuer, the relevant Discretionary Rate(s) should be increased, then the Servicer shall take all steps which are necessary, including publishing any notice which is required in accordance with the Mortgage Terms, to

effect such change in the relevant Discretionary Rate(s) on the date(s) specified in the notice referred to above. In these circumstances the Servicer shall have the right to set the relevant Discretionary Rates.

The Servicer is only permitted to determine and/or set any Discretionary Rate in accordance with the Servicing Agreement prior to perfection in accordance with the Mortgage Sale Agreement.

The Issuer (prior to the delivery of a Note Acceleration Notice) with the prior written consent of the Security Trustee and (following delivery of a Note Acceleration Notice) the Security Trustee may terminate the authority of the Servicer under the Servicing Agreement to determine and set any Discretionary Rate on or after the occurrence of a Servicer Termination Event as defined under "— *Removal or Resignation of the Servicer*" below, in which case the Issuer shall set the Discretionary Rates or, following the delivery of a Note Acceleration Notice, the Security Trustee shall give directions as to the setting of the Discretionary Rates but shall not itself be obliged to set any Discretionary Rate.

Servicing of Mortgages

The Issuer (including following completion by the Issuer of its title to the Property subject to each Scottish Trust), or (as applicable) the Seller, in its capacity as trustee under each Scottish Trust for the benefit of the Issuer as beneficiary thereunder, hereby directs the Servicer to service the Loans comprised in the Portfolio and carry out its specific obligations under the Servicing Agreement in accordance with the Seller's Policy.

The Servicer may allocate any payment received in respect of any Loan as Principal Receipts or Revenue Receipts in accordance with the Seller's Policy, and in the event that the Seller's Policy does not include provision for such allocation, the Servicer may exercise such discretion as would a Reasonable Prudent Mortgage Lender in allocating any payment received in respect of any Loan as Principal Receipts or Revenue Receipts, in all cases without prejudice to the Mortgage Terms for that Loan.

Compensation of the Servicer

On each Interest Payment Date, the Issuer will pay the Servicer a servicing fee (inclusive of VAT, if any) for servicing the Loans and their Related Security equal to 0.10 per cent. per annum on the aggregate Current Balance of all Loans in the Portfolio as determined as at the close of business on the last day of the immediately preceding Interest Period (or, with respect to the first Interest Payment Date, the close of business on the calendar day prior to the Closing Date). The fee is payable quarterly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments. See "*Fees*".

Removal or Resignation of the Servicer

The Issuer (with prior written consent of the Security Trustee) may, upon written notice to the Servicer, terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each a **Servicer Termination Event**) occurs and while such event continues:

- the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of seven Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee, as the case may be, requiring the same to be remedied;

- the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or the Security Trustee (after the delivery of a Note Acceleration Notice) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 20 Business Days after the earlier of the Servicer becoming aware of the failure and receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee requiring the Servicer's non-compliance to be remedied;

- the Servicer fails to obtain or maintain the necessary licences or regulatory approvals enabling it to continue to service the Loans; or

- an insolvency event occurs in relation to the Servicer.

Subject to the fulfilment of certain conditions, the Servicer may voluntarily resign by giving not less than 12 months' written notice to the Security Trustee and the Issuer (or such shorter time as may be agreed among the Servicer, the Issuer and the Security Trustee) provided that a replacement servicer qualified to act as such under the FSMA and the Consumer Credit Act 1974 (the **CCA**) and with a management team with experience of servicing residential mortgages in the United Kingdom has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement. The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Class A Notes unless the Noteholders of the Class A Notes agree otherwise by Extraordinary Resolution.

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver the Title Deeds and customer files relating to the Loans in its possession to, or at the direction of, the Issuer. The Servicing Agreement will terminate at such time as the Issuer has no further interest in any of the Loans or their Related Security serviced under the Servicing Agreement and any existing indebtedness of the Issuer has been repaid in full.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

Back-Up Servicing Facilitator Services upon a Servicer Termination Event

Upon the occurrence of a Servicer Termination Event, the Back-Up Servicing Facilitator will act with the Servicer, the Seller and the Issuer to use reasonable endeavours to identify and appoint a replacement servicer who shall agree to act as servicer pursuant to a servicing agreement on similar terms to the Servicing Agreement and who satisfies the conditions set out in the Servicing Agreement.

Liability of the Servicer

The Servicer will indemnify each of the Issuer and the Security Trustee on demand on an after-tax basis (excluding any Taxes imposed on net income or outgoings) for any losses, liabilities, claims, expenses (including any amounts in respect of applicable irrecoverable VAT in relation thereto) or damages suffered or incurred by it in respect of the negligence, fraud or wilful default of the Servicer or any of its sub-contractors or delegates in carrying out its functions as Servicer under, or as a result of a breach by the Servicer of, the terms and provisions of the Servicing Agreement or such other Transaction Documents to which the Servicer is a party (in its capacity as such) in relation to such functions.

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law (provided that any terms of the Servicing Agreement that are particular to the law of Scotland shall be construed in accordance with Scottish law) and will be made by way of deed.

Deed of Charge

On or about the Closing Date, the Issuer will enter into a deed of charge (the **Deed of Charge**) with, *inter alios*, the Security Trustee.

Security

Under the terms of the Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (the **Security**) as trustee for itself and for the benefit of the Secured Creditors (including the Noteholders):

(a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in, to and under the Transaction Documents (other than the Trust Deed, the Deed of Charge, any Scottish Declaration of Trust, any Scottish Sub-Security and any Scottish Supplemental Charge);

(b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's interest in the English Loans, the English Mortgages and their other Related Security and other related rights comprised in the Portfolio;

(c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;

(d) (i) an assignation in security of the Issuer's beneficial interest in the Scottish Loans comprised in the Initial Loans and their Related Security (comprising the Issuer's beneficial interest under the trusts declared by the Seller over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Initial Scottish Declaration of Trust) (the **Initial Scottish Charge**) and (ii) thereafter an assignation in security of the Issuer's beneficial interest under all subsequent trusts declared by the Seller over Scottish Loans and their Related Security for the benefit of the Issuer pursuant to any Scottish Declarations of Trust other than the Initial Scottish Declaration of Trust (each a **Scottish Supplemental Charge**);

(e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in the Bank Accounts maintained with the Issuer Account Bank and the Custodian and any other bank accounts of the Issuer, and any sums standing to the credit thereof;

(f) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer; and

(g) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge but extending over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scottish law (whether or not the subject of fixed charges as aforesaid).

Following perfection of the legal title to the Scottish Loans and their Scottish Mortgages in the name of the Issuer, a standard security over the relevant Scottish Mortgages (each a **Scottish Sub Security**) will be granted pursuant to the Deed of Charge.

Authorised Investments means:

(a) Sterling gilt-edged securities; and

(b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that in all cases such investments will only be made if there is no withholding or deduction for or on account of taxes applicable thereto and either such investments:

(i) have a maturity date of 60 days or less and mature on or before the next Interest Payment Date;

(ii) may be broken or demanded by the Issuer (at no cost to the Issuer) on or before the next following Interest Payment Date or within 60 days, whichever is sooner; and

(iii) are rated at least "P-1" (short-term) by Moody's (and "A" (long-term) by Moody's if the investments have a long-term rating) and "F1+" by Fitch (and "AA-" by Fitch if the investments have a long-term rating).

Transaction Documents means the Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Custody Agreement, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge (and any documents entered into pursuant to the Deed of Charge), the Master Definitions and Construction Schedule, the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Seller Power of Attorney, the Issuer Power of Attorney, the Trust Deed, the Start-Up Loan Agreement, the Interest Rate Swap Agreement, the Back-up Swap Agreement and any Swap Collateral Account Agreement and such other

related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes.

As at the date of this Prospectus, whether a fixed security interest expressed to be created by the Deed of Charge on the Closing Date will be upheld as a fixed security interest rather than a floating security will depend, among other things, on whether the Security Trustee has the requisite degree of control under the Transaction Documents over the chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Security Trustee in practice.

Unlike the fixed charges, the floating charge does not attach to specific assets but instead "floats" over a class of assets which may change from time to time, allowing the Issuer to deal with those assets and to give third parties title to those assets free from any encumbrance in the event of sale, discharge or modification, provided those dealings and transfers of title are in the ordinary course of the Issuer's business. Any assets acquired by the Issuer after the Closing Date (including assets acquired as a result of the disposition of any other assets of the Issuer) will also be subject to the floating charge unless they are subject to the fixed charges mentioned in this section.

As at the date of this Prospectus, the floating charge to be created by the Deed of Charge will allow the Security Trustee to appoint an administrative receiver of the Issuer and thereby prevent the appointment of an administrator of the Issuer by one of the Issuer's other creditors. An appointment of an administrative receiver by the Security Trustee under the Deed of Charge will not be prohibited by Section 72A of the Insolvency Act as the appointment will fall within the exception set out under Section 72B of the Insolvency Act (First Exception: Capital Markets). However, see "*Risk Factors — Legal and regulatory risks related to the structure and the Notes — Change of Law*" relating to the appointment of administrative receivers.

Secured Creditors means the Security Trustee, the Note Trustee, the Noteholders, the Seller, the Servicer, the Cash Manager, the Issuer Account Bank, the Custodian, the Interest Rate Swap Provider, the Back-up Swap Provider, the Corporate Services Provider, the Back-Up Servicing Facilitator, the Principal Paying Agent, the Paying Agents, the Dematerialised Note Registrar, the Agent Bank, the Start-Up Loan Provider and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

The floating charge to be created by the Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Except in relation to the Scottish Loans and their Related Security, crystallisation will occur automatically following the occurrence of specific events set out in the Deed of Charge, including, among other events, upon an Event of Default. In relation to the Scottish Loans and their Related Security, crystallisation will only occur on the appointment of an administrative receiver or on the commencement of the winding-up of the Issuer. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

On the Closing Date the Issuer will grant a security power of attorney in favour of the Security Trustee under the Deed of Charge (the Issuer **Power of Attorney**).

Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments

Prior to the Note Trustee serving a Note Acceleration Notice on the Issuer pursuant to Condition 10.1 (*Class A Notes*) and the other applicable Conditions, declaring the Notes to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Issuer Transaction Account as described under "*Cashflows — Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer*" and "*Pre-Enforcement Principal Priority of Payments*" below. The Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments are set out in the Trust Deed and Cash Management Agreement.

Post-Enforcement Priority of Payments

After the Note Trustee has served a Note Acceleration Notice (which has not been withdrawn) on the Issuer pursuant to Condition 10.1 (*Class A Notes*) and the other applicable Conditions, declaring the Notes to be immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) shall apply the monies available in accordance with the Post-Enforcement Priority of Payments as described under "*Cashflows –*

Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer" below.

The Security will become enforceable following the service of a Note Acceleration Notice on the Issuer pursuant to Condition 10.1 (*Class A Notes*) and the other applicable Conditions; provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Class A Noteholders (and all persons ranking in priority thereto as set out in the applicable Priority of Payment), or, once all of the Class A Noteholders have been repaid in full, to the Subordinated Noteholder (and all persons ranking in priority thereto as set out in the applicable Priority of Payment) or if the Security Trustee is of the opinion that the cashflow expected to be received by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders (and all persons ranking in priority thereto as set out in the applicable Priority of Payment), or, once all of the Class A Noteholders have been repaid in full, to the Subordinated Noteholder (and all persons ranking in priority thereto as set out in the applicable Priority of Payment), which opinion shall be binding on the Secured Creditors and reached after considering at any time and from time to time the advice of any financial adviser (or such other professional adviser selected by the Security Trustee for the purpose of giving such advice).

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer.

For purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Deed of Charge requires automatic liquidation upon default of the Issuer.

Governing Law

The Deed of Charge will be governed by English law and any terms of the Deed of Charge which are particular to the law of Scotland shall be construed in accordance with Scottish law. The Initial Scottish Charge and each Scottish Supplemental Charge granted pursuant and supplemental to the Deed of Charge will be governed by Scottish law.

Trust Deed

On or about the Closing Date, the Issuer, the Security Trustee, the Note Trustee and the Subordinated Noteholder will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes are subject to the provisions set forth in the Trust Deed. The Conditions and the forms of the Notes will be constituted by, and set out in, the Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes on trust for the Noteholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

Retirement of Note Trustee

The Note Trustee may retire at any time on giving not less than sixty (60) days' prior written notice to the Issuer without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Noteholders may, by written approval of the Controlling Class (i) remove all trustees (but not some only), or (ii) direct the Note Trustee to remove all trustees (but not some only) for the time being under the Deed of Charge. The Issuer undertakes that, in the event of the only trustee of the Trust Deed which is a corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee (a **Trust Corporation**) giving notice of retirement, it will use reasonable endeavours to procure that a new trustee of the Trust Deed being a Trust Corporation is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed. If, in such circumstances, no appointment of such a new trustee has

become effective on the expiry of such notice or within sixty (60) days of such notice of resignation or written approval of the Controlling Class, the Note Trustee shall be entitled to appoint a Trust Corporation as trustee of the Trust Deed, but no such appointment shall take effect unless previously approved by written approval of the Controlling Class as aforesaid.

Governing Law

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Agency Agreement

On or about the Closing Date, the Issuer, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Dematerialised Note Registrar, the Cash Manager and the Security Trustee will enter into the Agency Agreement pursuant to which provision will be made for, among other things, payment of principal and interest in respect of the Notes.

Governing Law

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Cash Management Agreement

On or about the Closing Date, the Cash Manager, the Issuer and the Security Trustee will enter into the Cash Management Agreement.

Cash Management Services Provided to the Issuer

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 Issuer Transaction Account and the Swap Collateral Account(s). In addition, the Cash Manager will:

(a) maintain the following ledgers (the **Ledgers**) on behalf of the Issuer:

a. the **Principal Ledger**, which records (i) as a credit, all Principal Receipts received by the Issuer, (ii) as a debit, the distribution of the Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable), (iii) as a debit, each amount applied for the purchase of New Portfolios in accordance with the Mortgage Sale Agreement; (iv) as a credit, any amount of Subordinated Note Drawing to meet any Class A Shortfall Amounts (at the sole discretion of the Subordinated Noteholder), and (v) as a debit, any amount during an Interest Period from Principal Receipts, for the Issuer to repay the Class A Notes on the following Interest Payment Date down to the applicable Class A Target Amortisation Amount for that Interest Payment Date pursuant to item (a)(ii) of the Pre-Enforcement Principal Priority of Payments;

b. the **Revenue Ledger**, which records (i) as a credit, all Revenue Receipts received by the Issuer, (ii) as a credit, any Advance made under Tranche C of the Start-Up Loan to be applied as Available Revenue Receipts on an Interest Payment Date, and (iii) as a debit, the payment of the distribution of the same as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);

c. the **Issuer Profit Ledger** which shall record as a credit the Issuer Profit Amount retained by the Issuer as profit in accordance with item (e) of the Pre-Enforcement Revenue Priority of Payments or item (k) of the Post-Enforcement Priority of Payments including amounts paid by the Issuer as dividends and/or corporation tax;

d. the **Liquidity Reserve Fund Ledger** which records (i) as a credit, the amount equal to the Initial Liquidity Reserve Fund Required Amount credited to the Liquidity Reserve Fund from the Advance made under Tranche B of the Start-Up Loan on the Closing Date, (ii) as a credit, the amount credited to the Liquidity Reserve Fund from an Advance made under Tranche C of the Start-Up Loan on any Business Day following the Closing Date, (iii) as a credit, all amounts received pursuant to item (j) of the Pre-Enforcement Revenue Priority of Payments on an Interest Payment Date, (iv) as a debit, all amounts of Liquidity Reserve Fund Drawings applied in accordance with the Liquidity Reserve Fund Revenue Priority of Payments on each Interest Payment Date and (v) as a debit, all Liquidity Reserve Fund Excess Amounts released as Available Revenue Receipts;

e. the **Subordinated Note Ledger** which shall record (i) as a debit, all amounts received by the Issuer under any Subordinated Note Drawing and (ii) as a credit, all amounts repaid in accordance with the relevant Priority of Payments;

f. the **Start-Up Loan Ledger** which shall record as a credit all amounts received by the Issuer as Advances under the Start-Up Loan Agreement and as a debit all amounts repaid under the Start-Up Loan Agreement;

g. the **Principal Deficiency Ledger** (comprising of two sub-ledgers) which records on the Class A Principal Deficiency Ledger (the **Class A Principal Deficiency Ledger**) and the Subordinated Note Principal Deficiency Ledger (the **Subordinated Note Principal Deficiency Ledger**) (as described in the section titled "*Credit Structure — Principal Deficiency Ledger*") (as the case may be) (i) as a debit, deficiencies arising from Losses on the Portfolio and Principal Receipts used to pay a Revenue Deficiency and (ii) as a credit, Available Revenue Receipts applied pursuant to items (i) and (l) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall thereupon be applied as Available Principal Receipts) (see "*Credit Structure — Principal Deficiency Ledger*"); and

h. the **New Portfolio Purchase Price Ledger** which shall record (i) as a debit, each New Portfolio Purchase Price Shortfall Amount arising on a Sale Date, (ii) as a credit, all amounts of Available Principal Receipts applied to pay the relevant New Portfolio Purchase Price on any Interest Payment Date in accordance with item (a)(iii)of the Pre-Enforcement Principal Priority of Payments, and (iii) as a credit, any amount of Further Subordinated Note Funding received by the Issuer to meet New Portfolio Purchase Price Shortfall Amounts,

and all the foregoing Ledgers shall together reflect the aggregate of all amounts of cash standing to the credit of the Issuer Transaction Account and all amounts invested in Authorised Investments purchased from amounts standing to the credit of the Issuer Transaction Account from time to time;

(b) calculate on each Calculation Date the amount of Available Revenue Receipts, Available Principal Receipts to be applied on the relevant Interest Payment Date any Class A Shortfall Amounts for that Interest Payment Date;

(c) apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments;

(d) if required by the Security Trustee, apply, or cause to be applied, Available Revenue Receipts and Available Principal Receipts in accordance with the Post-Enforcement Priority of Payments;

(e) record credits to and debits from the Liquidity Reserve Fund Ledger and the Principal Ledger, as and when required;

(f) make payments of the consideration for new Loans to the Seller;

(g) prepare and deliver any Subordinated Note Drawing requests as required, and apply the proceeds of any Subordinated Note Drawing;

(h) withdraw any Third Party Amounts (to the extent identified by the Servicer pursuant to the Servicing Agreement) on a daily basis from the Issuer Transaction Account (provided that there are sufficient funds standing to the credit of the Issuer Transaction Account to meet such payment) to make payment of such Third Party Amounts to the Servicer;

(i) withdraw any Seller Amounts (to the extent identified by the Servicer pursuant to the Servicing Agreement) on a daily basis from the Issuer Transaction Account (provided that there are sufficient funds standing to the credit of the Issuer Transaction Account to meet such payment) to make payment of such Seller Amounts to the Servicer;

(j) with the assistance of the Servicer, provide the Issuer, the Security Trustee, the Seller, each Swap Provider and the Rating Agencies with:

a. prior to the pricing of the Notes (to the extent required pursuant to Article 22(5) of the UK Securitisation Regulation) and, thereafter, for so long as the Notes remain outstanding, the Investor Reports within one month of each Interest Payment Date, including simultaneously with the Loan Level Information each quarter;

b. upon request and to the extent required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and Article 7(1) (a) of the EU Securitisation Regulation, in the case of the EU Securitisation Regulation, but solely as such articles are interpreted and applied on the Closing Date certain Loan Level Information, simultaneously with an Investor Report each quarter;

c. any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) of the UK Securitisation Regulation and the UK Article 7 Technical Standards; and

d. a Bank of England Quarterly Report within one month of each Interest Payment Date;

(k) provide the Issuer, the Seller and the Security Trustee with a Cash Flow Model (i) prior to pricing of the Notes (to the extent required pursuant to Article 22(3) of the UK Securitisation Regulation) to potential investors, and (ii) from the Closing Date until the date the last Note is redeemed in full on an on-going basis and to investors in the Notes and to potential investors in the Notes upon request, which 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;

(l) test the Portfolio Eligibility Triggers (other than items (a), (b) and (c) of the definition of Portfolio Eligibility Trigger) on each Interest Payment Date taking into account the application of the Priorities of Payments on that Interest Payment Date, and promptly notifying the Issuer, the Seller, the Servicer and the Security Trustee in the event that any Portfolio Eligibility Trigger (other than items (a), (b) and (c) of the definition of Portfolio Eligibility Trigger) has been breached;

(m) make all calculations required to be made by the Cash Manager in respect of the Notes pursuant to the Conditions;

(n) subject to obtaining any authorisations or licences as may be required, invest monies standing from time to time to the credit of the Bank Accounts in Authorised Investments as determined by the Issuer or the Cash Manager subject to the following provisions:

a. any such Authorised Investment shall be made in the name of the Issuer;

b. any costs properly and reasonably incurred in making and changing Authorised Investments will be reimbursed to the Cash Manager by the Issuer; and

c. all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the relevant Bank Accounts;

(o) make any determinations required to be made by the Issuer and provide any information required to be provided by the Issuer, in each case under the Swap Agreements, including, without limitation, in

relation to a transfer of any rights and obligations of a party to a Swap Agreement to a replacement swap provider;

(p) (i) open the Sterling Cash Swap Collateral Accounts on or about the Closing Date, (ii) open the Euro Cash Swap Collateral Account on or about the Closing Date, (iii) open the Swap Collateral Securities Accounts on or following the Closing Date, (iii) open any other Swap Collateral Accounts as may be required under the Swap Agreements, and (iv) operate any Swap Collateral Account(s) and ensure that payments are made into and from such account(s) in accordance with the Cash Management Agreement, the relevant Swap Collateral Account Agreement, the Deed of Charge and the Swap Agreements; and

(q) following the service of a Note Acceleration Notice by the Note Trustee (which has not been revoked), withdraw any amounts from a Bank Account as permitted by the Cash Management Agreement to pay 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 in the Post-Enforcement Priority of Payments) 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 (but only to the extent capable of being satisfied out of amounts retained by the Issuer under item (k) of the Post-Enforcement Priority of Payments).

Seller Amounts means:

(a) all amounts of principal, interest or any other amount due and payable under any Loan in respect of the period prior to the relevant Sale Date for that Loan; and

(b) in the event that there is no debit balance on the Principal Deficiency Ledger, all post-default recoveries or other amounts received by the Issuer on any Loss following the enforcement of the relevant Loan and Related Security to which such Loss relates.

Third Party Amounts means amounts applied from time to time in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):

(a) any fees received as a consequence of the early repayment of a Loan, and certain other fees charged by the Servicer in respect of its servicing of the Loans;

(b) payments of certain insurance premiums;

(c) 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 the related Borrower's account; and

(d) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller.

The Cash Manager also covenants with and undertakes to the Issuer that it will (on behalf of the Issuer) or will assist the Issuer to:

(a) perform any Portfolio Reconciliation Risk Mitigation Techniques (as such term is defined in the PDD Protocol (as defined in each Swap Agreement)) as may be required in accordance with the requirements of UK EMIR;

(b) provide each Swap Provider with information that it cannot reasonably be expected to possess in order for the relevant Swap Provider to carry out its reporting obligation under article 9 of UK EMIR, related technical standards and guidance (in each case, as amended from time to time) in relation to the Swap Agreements and any other swap entered into by the Issuer and, on behalf of the Issuer, ensure the correctness of any such information, enter into appropriate mandatory reporting arrangements with each Swap Provider and carry out any ancillary activities (including recordkeeping) to such reporting requirements as may continue to be required. If the Issuer decides to start (or cease, as the case may be) reporting the details of OTC derivative contracts concluded with a Swap Provider itself, it shall inform the Cash Manager who shall ensure that the relevant Swap Provider is notified in writing or other equivalent electronic means at least 10 working days before the date on which the Issuer wants

to start (or to cease, as the case may be) reportingensure (as required in accordance with UK EMIR, relevant technical standards and guidance as amended from time to time) that: (i) the Issuer's legal entity identifier (LEI) code is obtained and renewed as required in accordance with the terms of an accredited Local Operating Unit of the Global Entity Identifier System or relevant successor entity; and (ii) each Swap Provider shall provide the Cash Manager and the Issuer on a monthly basis with all relevant information concerning the Issuer's OTC derivatives contracts that are outstanding at trade repositories;

(c) perform any Dispute Resolution Risk Mitigation Techniques (as such term is defined in the PDD Protocol (as defined in the Swap Agreements)) as may be required in accordance with the requirements of article 11(1) of UK EMIR, related technical standards and guidance (in each case, as amended from time to time) and that may be required in order to facilitate the compliance of each Swap Provider with any equivalent rules applicable to it, as amended from time to time as well as the terms of the Swap Agreements and any other relevant swap transaction (including, as the case may be, timely confirmation, portfolio reconciliation, dispute resolution and portfolio compression requirements). The Issuer hereby permits the Cash Manager to delegate all or any part of any such risk mitigation requirements to the counterparty to the relevant derivatives transaction;

(d) calculate (in accordance with UK EMIR, related technical standards and guidance, as amended from time to time) whether the Issuer is a non-financial counterparty above the clearing threshold (**NFC+)** or below the clearing threshold (NFC-) and make any notifications that are required to be made (including in each case, (i) making any necessary regulator notifications; and (ii) promptly notifying the Issuer and each Swap Provider in writing to the extent that the status of the Issuer changes from the status previously disclosed to the Issuer and the relevant Swap Provider together with the impact of that status change under UK EMIR); and

(e) fulfil any other requirements which may arise on the Issuer from time to time in relation to UK EMIR,

(such matters being the **UK EMIR Services**).

Compensation of Cash Manager

On each Interest Payment Date, the Issuer will pay the Cash Manager a fee (inclusive of VAT, if any) for its cash management services under the Cash Management Agreement equal to 0.02 per cent. per annum, on the aggregate Current Balance of all Loans in the Portfolio as determined as at the close of business on the last day of the immediately preceding Interest Period (or, with respect to the first Interest Payment Date, the close of business on the calendar day prior to the Closing Date). The fee is payable quarterly in arrears on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments. See "*Fees*".

Termination of Appointment of Cash Manager

In certain circumstances the Issuer and the Security Trustee will each have the right to terminate the appointment of the Cash Manager by notice in writing and to appoint a substitute (the identity of which will be subject to the Security Trustee's written approval). Any replacement cash manager will have substantially the same rights and obligations as the Cash Manager (although the fee payable to the replacement cash manager may be higher).

Liability of the Cash Manager

The Cash Manager will indemnify each of the Issuer and the Security Trustee on an after-Tax basis (excluding any Taxes imposed on net income or outgoings) for any loss, liability, claim, expense or damage suffered or incurred by it in respect of the fraud, wilful default or negligence of the Cash Manager in carrying out its functions as Cash Manager under, or as a result of a breach by the Cash Manager of, the terms and provisions of the Cash Management Agreement or such other Transaction Documents to which the Cash Manager is a party (in its capacity as such) in relation to such functions.

Governing Law

The Cash Management Agreement will be governed by English law.

The Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement to be entered into on or about the Closing Date among the Issuer, the Issuer Account Bank, the Cash Manager, the Seller and the Security Trustee, the Issuer will maintain with the Issuer Account Bank, an Issuer Transaction Account, which will be operated in accordance with the Cash Management Agreement and the Deed of Charge.

All amounts received from Borrowers in respect of the Loans will be paid into the Seller's collections account and then transferred to the Issuer Transaction Account and credited to the Revenue Ledger or the Principal Ledger, as the case may be, and as set out in the Cash Management Agreement. On each Interest Payment Date (or, with respect to the purchase of New Portfolios, on the relevant Sale Date), amounts in the Issuer Transaction Account will be applied by the Cash Manager pursuant to the Cash Management Agreement and in accordance with the Priorities of Payments described below under "*Cashflows*".

If the Issuer Account Bank fails to maintain any of the Issuer Account Bank Required Ratings, the Issuer and the Issuer Account Bank, shall use all reasonable endeavours to arrange for the transfer of the Bank Accounts to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Bank Account Agreement in order to maintain the ratings of the Class A Notes at their then current ratings unless the Issuer has arranged a guarantee of the Issuer Account Bank's obligations by a suitably rated third party.

The **Issuer Account Bank Required Ratings** means (a) a long-term, unsecured, unguaranteed and unsubordinated debt obligation rating of at least "A1" by Moody's and long-term Issuer default ratings (or deposit ratings if assigned "A" by Fitch, (b) a short-term, unsecured, unguaranteed and unsubordinated debt obligation rating of at least "P-1" by Moody's and a short-term Issuer default ratings (or deposit ratings if assigned "F1" by Fitch, or (c) such other lower rating or ratings as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Class A Notes and which the Cash Manager certifies in writing to the Note Trustee and the Security Trustee (i) is consistent with the then current rating methodology of such relevant Rating Agency, or (ii) with respect to which it has received a Ratings Confirmation.

The Bank Account Agreement may be terminated in other circumstances by the Cash Manager or the Issuer (in each case with the consent of the Security Trustee) including the occurrence of an insolvency event in respect of the Issuer Account Bank or default by the Issuer Account Bank in the performance of its obligations under the Bank Account Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default. See "*Certain Regulatory Disclosures — Rating Triggers Table — Issuer Account Bank*" above.

Any termination of the Issuer Account Bank will not be effective until, among other things, a replacement financial institution (with the requisite ratings outlined above) has entered into an agreement substantially similar to the Bank Account Agreement and provided that the termination would not adversely affect the then current ratings of the Class A Notes.

The Bank Account Agreement will be governed by English law.

The Custody Agreement

Pursuant to the terms of the Custody Agreement to be entered into on or about the Closing Date among the Issuer, the Custodian, and the Security Trustee, the Issuer will maintain with the Custodian the Swap Collateral Accounts due to be opened on the Closing Date, and any relevant additional Swap Collateral Accounts required to be established by the Issuer from time to time.

The Issuer will deposit (a) (I) any Swap Collateral which is required to be transferred to the Issuer by the Interest Rate Swap Provider in accordance with the terms of the Interest Rate Swap Agreement in the form of Sterling cash and (II) all interest and distributions in respect of Sterling denominated securities credited to a Swap Collateral Securities Account, in the Sterling Cash Swap Collateral Account corresponding to the applicable Swap Provider and (b) all interest and distributions (in respect of Euro denominated securities credited to the Swap Collateral Securities Account for securities denominated in EUR in the name of the Issuer with respect to the Back-up Swap Provider) in the Euro Cash Swap Collateral Account corresponding to the Back-up Swap Provider.

The Issuer will deposit any Swap Collateral in the form of securities which is required to be transferred to the Issuer by a Swap Provider in accordance with the terms of each Swap Agreement in the Swap Collateral Securities Account corresponding to the applicable Swap Provider.

If the Custodian fails to maintain any of the Issuer Account Bank Ratings, the Issuer and the Custodian, shall use all reasonable endeavours to arrange for the transfer of the Swap Collateral Accounts to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Custody Agreement in order to maintain the ratings of the Class A Notes at their then current ratings unless the Issuer has arranged a guarantee of the Custodian's obligations by a suitably rated third party.

The Custody Agreement may be terminated in other circumstances by the Issuer (in each case with the consent of the Security Trustee) including the occurrence of an insolvency event in respect of the Custodian or default by the Custodian in the performance of its obligations under the Custody Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default. See "*Certain Regulatory Disclosures – Rating Triggers Table – Account Bank and Custodian*" above.

Any termination of the Custodian will not be effective until, among other things, a replacement financial institution (with the requisite ratings outlined above) has entered into an agreement substantially similar to the Custody Agreement and provided that the termination would not adversely affect the then current ratings of the Class A Notes.

The Custody Agreement will be governed by English law.

The Corporate Services Agreement

On or about the Closing Date, the Issuer, Holdings, the Share Trustee, the Seller, the Security Trustee, the Note Trustee and the Corporate Services Provider will enter into the Corporate Services Agreement pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general company secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), the providing of the directors with information in connection with the Issuer and Holdings and the arrangement for the convening of shareholders' and directors' meetings.

Governing Law

The Corporate Services Agreement will be governed by English law.

Other Agreements

For a description of the Swap Agreements, see "*Credit Structure*".

On the Closing Date, the Issuer, the Security Trustee and the Note Trustee, among others, signed for the purposes of identification the **Master Definitions and Construction Schedule**.

CREDIT STRUCTURE

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Seller, the Interest Rate Swap Provider, the Back-up Swap Provider, the Arranger, any Joint Lead Manager, the Servicer, the Cash Manager, the Back-Up Servicing Facilitator, the Issuer Account Bank, the Note Trustee or the Security Trustee or by any company in the same group of companies as any such entities or any other party to the Transaction Documents. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Seller, the Swap Providers, the Arranger, any Joint Lead Manager, the Servicer, the Cash Manager, the Back-Up Servicing Facilitator, the Issuer Account Bank, the Note Trustee or the Security Trustee or by any other person other than the Issuer.

However, there are a number of features of the transaction which enhance the likelihood of timely receipt of payments to Noteholders, as follows:

(a) payments on the Subordinated Note will be subordinated to payments on the Class A Notes;

(b) a Liquidity Reserve Fund has been established to help meet shortfalls in Available Revenue Receipts available for the payment of interest on the Class A Notes and certain fees paid prior thereto under the applicable Priority of Payment;

(c) the application, in certain circumstances, of Principal Receipts to provide for certain Revenue Deficiency in the Available Revenue Receipts;

(d) amounts drawn under the Subordinated Note will be provided to the Issuer to supplement Available Revenue Receipts and credited to the Revenue Ledger;

(e) Available Revenue Receipts are expected to exceed interest and fees payable by the Issuer under the Notes; and

(f) availability of an interest rate swap provided by a Swap Provider, to hedge against the possible variance between the fixed rates of interest received on the Fixed Rate Loans in the Portfolio and Compounded Daily SONIA.

Each of these factors is considered more fully in the remainder of this section.

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, be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (n) (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 and the performance of the Portfolio. See "— *Interest Rate Risk* " below.

On each Interest Payment Date, Available Revenue Receipts may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) towards reducing any Principal Deficiency Ledger entries in accordance with items (i) and (l) of the Pre-Enforcement Revenue Priority of Payments which may arise from Losses on the Portfolio.

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 under items (a) to (j) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish and increase the Liquidity Reserve Fund up to and including an amount equal to the Liquidity Reserve Fund Required Amount. The Issuer may utilise further drawings pursuant to Tranche C under the Start-Up Loan to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount.

Liquidity Reserve Fund

On the Closing Date, the Issuer will establish a fund called the **Liquidity Reserve Fund**. The Liquidity Reserve Fund will be funded on the Closing Date in an amount equal to the Initial Liquidity Reserve Fund Required Amount from the proceeds of the Advance pursuant to Tranche B under the Start-Up Loan. On each Interest Payment Date prior to the service of a Note Acceleration Notice, to the extent required, monies standing to the credit of the Liquidity Reserve Fund equal to any required Liquidity Reserve Fund Drawing will be applied in accordance with the Liquidity Reserve Fund Revenue Priority of Payments to meet certain Revenue Deficiencies. On each Interest Payment Date, the Liquidity Reserve Fund is replenished up to the Liquidity Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (if required) further drawings pursuant to Tranche C under the Start-Up Loan. The Liquidity Reserve Fund will be deposited in the Issuer Transaction Account (with a corresponding credit to the Liquidity Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the Liquidity Reserve Fund Ledger in Authorised Investments.

The **Initial Liquidity Reserve Fund Required Amount** will be an amount equal to £5,000,000 (being an amount equal to 1 per cent. of the Sterling equivalent of the Principal Amount Outstanding of the Class A Notes as at the Closing Date).

The **Liquidity Reserve Fund Required Amount** means, on any Interest Payment Date, an amount equal to 1 per cent. of the Principal Amount Outstanding of the Class A Notes on such Interest Payment Date.

The Cash Manager will maintain the Liquidity Reserve Fund Ledger pursuant to the Cash Management Agreement and will record thereon the balance from time to time of the Liquidity Reserve Fund.

On any Interest Payment Date on which the Class A Notes are fully repaid or provided for, the Issuer will not be required to maintain the Liquidity Reserve Fund, and any amounts held in the Liquidity Reserve Fund will form part of Available Revenue Receipts and will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

Principal Ledger

The Cash Manager will maintain a ledger pursuant to the Cash Management Agreement called the Principal Ledger (the **Principal Ledger**). The Principal Ledger may be funded from the first Business Day following the Closing Date and on each subsequent Business Day with Available Principal Receipts which are credited to the Principal Ledger (including any amount for the Issuer to repay the Class A Notes on the following Interest Payment Date down to the applicable Class A Target Amortisation Amount, pursuant to item (a)(ii) as applicable, of the Pre-Enforcement Principal Priority of Payments). The Issuer may invest the amounts standing to the credit of the Principal Ledger in Authorised Investments.

On each Interest Payment Date, amounts standing to the credit of the Principal Ledger will be applied by the Issuer (or the Cash Manager on its behalf) on such Interest Payment Date as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

Principal Deficiency Ledger

A Principal Deficiency Ledger (comprised of two sub-ledgers) will be established on the Closing Date to record all deficiencies arising from Losses on the Portfolio. The Principal Deficiency Ledger shall record on the Class A Principal Deficiency Ledger and the Subordinated Note Principal Deficiency Ledger (as the case may be) (i) as a debit, deficiencies arising from Losses on the Portfolio and Principal Receipts used to pay a Revenue Deficiency and (ii) as a credit, Available Revenue Receipts applied pursuant to items (i) and (l) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall thereupon be applied as Available Principal Receipts).

Losses means all realised losses on the Loans including any loss to the Issuer as a result of the exercise of any set-off by any Borrower.

Realised losses will be calculated after applying any recoveries following enforcement of a Loan (but on or prior to the completion of enforcement proceedings in respect of such Loan) to outstanding fees and interest amounts due and payable on the relevant Loan.

Available Funds

To the extent that the Available Revenue Receipts and Available Principal Receipts are sufficient on any Calculation Date, they shall be paid on the immediately following Interest Payment Date to the persons entitled thereto (or a relevant provision made) in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments, as applicable. It is not intended that any surplus will be accumulated in the Issuer, which for the avoidance of doubt does not include the £5,000 (the **Issuer Profit Amount**) which the Issuer expects to generate annually as its profit in respect of the business of the Issuer, or amounts standing to the credit of the Liquidity Reserve Fund Ledger.

If, on any Interest Payment Date whilst there are Class A Notes outstanding, the Issuer has insufficient Available Revenue Receipts to pay the interest otherwise due on the Subordinated Note, then the Issuer will be entitled under Condition 16 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Such deferral will not constitute an Event of Default. If there are no Class A Notes then outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Subordinated Note.

Subject to the provisions on deferral of interest in the Conditions, failure to pay interest on the Class A Notes within any applicable grace period in accordance with the relevant Conditions shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

Subordinated Note

The following section contains a summary of the material terms of the Subordinated Note. The summary does not purport to be complete and is subject to the provisions of the Trust Deed.

On the Closing Date, the Subordinated Noteholder subscribed for the Subordinated Note in an initial Principal Amount Outstanding equal to £61,798,000.

Following the Closing Date, the Subordinated Noteholder may in its sole discretion advance additional amounts to the Issuer if requested by the Issuer during the Revolving Period:

(a) (i) to meet insufficient funds to pay in full the aggregate New Portfolio Purchase Price due on any Monthly Pool Date or (ii) to eliminate amounts remaining to the debit of the New Portfolio Purchase Price Ledger following the application of the Pre-Enforcement Principal Priority of Payment on an Interest Payment Date (in each case, a **New Portfolio Purchase Price Shortfall Amount**); or

(b) to meet any applicable Class A Shortfall Amount for such amount to be applied as Available Principal Receipts on the immediately following Interest Payment Date.

The proceeds of any Subordinated Note Drawing will be credited to the Subordinated Note Ledger in the first instance.

Start-Up Loan

The Issuer will enter into the Start-Up Loan Agreement on the Closing Date with the Start-Up Loan Provider, pursuant to which the Start-Up Loan Provider will advance a loan (the **Start-Up Loan**) to the Issuer on the Closing Date (a) to pay for certain of the Issuer's initial fees and expenses incurred in connection with the issue of the Notes under an **Advance** (as defined in the Start-Up Loan Agreement) under tranche A (**Tranche A**) of the Start-Up Loan, (b) to establish the Liquidity Reserve Fund in an amount equal to the Initial Liquidity Reserve Fund Required Amount under an Advance under tranche B (**Tranche B**) of the Start-Up Loan.

Following the Closing Date, the Cash Manager (on behalf of the Issuer) may deliver to the Start-Up Loan Provider a Start-Up Loan Post Closing Drawdown Notice requesting the drawing as a further Advance under tranche C (**Tranche C**) of the Start-Up Loan, of such further amount as the Cash Manager determines to be necessary (i) to the extent not covered under Tranche A above, an amount up to the amount required to pay certain up-front costs and expenses incurred (including the costs and expenses incurred up to the Closing Date) by the Issuer in connection with the issue of the Notes which shall be paid into the Issuer Transaction Account and (ii) to ensure that the Liquidity Reserve Fund is funded up to the Liquidity Reserve Fund Required Amount.

Interest Rate Risk

Some of the Loans in the Portfolio pay a fixed rate of interest for a period of time. Other Loans in the Portfolio pay a variable rate of interest. However, the interest rate payable by the Issuer with respect to the Class A Notes is an amount calculated by reference to Compounded Daily SONIA.

To provide a hedge against the possible variance between:

(a) the various fixed rates of interest received on the Fixed Rate Loans in the Portfolio; and

(b) a rate of interest calculated by reference to Compounded Daily SONIA payable on the Class A Notes,

the Issuer will enter into the Interest Rate Swap and the Back-up Swap with the Swap Providers on the Closing Date.

The Interest Rate Swap will be governed by the Interest Rate Swap Agreement and the Back-up Swap will be governed by the Back-up Swap Agreement.

Interest Rate Swap

Payments received by the Issuer under some of the Loans in the Portfolio will be subject to fixed rates of interest. The interest amounts payable by the Issuer in respect of the Class A Notes, will be calculated by reference to Compounded Daily SONIA. Pursuant to the Interest Rate Swap Agreement, the Issuer will enter into the Interest Rate Swap to hedge against the possible variance between the various fixed rates of interest received on the Fixed Rate Loans in the Portfolio and a rate of interest payable on the Class A Notes calculated by reference to Compounded Daily SONIA (the **Interest Rate Swap**).

Under the Interest Rate Swap, for each Interest Period falling prior to the Termination Date (as defined in the Interest Rate Swap Agreement) of the Interest Rate Swap, the following amounts will be calculated:

(a) the amount equal to the product of (i) the Interest Rate Swap Notional Amount, (ii) Compounded Daily SONIA as fixed on the immediately preceding Interest Determination Date plus a spread of 0.8 per cent. per annum and (iii) the number of days in the relevant Interest Period divided by 365 (the **Interest Rate Swap Provider Payment**); and

(b) the amount equal to the product of: (i) the Interest Rate Swap Notional Amount; (ii) the Weighted Average Fixed Rate; and (iii) the number of days in the relevant Interest Period divided by 365 (the **Issuer Payment**).

After these two amounts are calculated in relation to an Interest Period, the following payments will be made on the relevant Interest Payment Date:

(a) if the Interest Rate Swap Provider Payment for that Interest Payment Date is greater than the Issuer Payment for that Interest Payment Date, then the Interest Rate Swap Provider will pay the positive difference to the Issuer;

(b) if the Issuer Payment for that Interest Payment Date is greater than the Interest Rate Swap Provider Payment for that Interest Payment Date, then the Issuer will pay the positive difference to the Interest Rate Swap Provider; and

(c) if the two amounts are equal, neither party will make a payment to the other.

If a payment is to be made by the Interest Rate Swap Provider, 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 of the Issuer.

Subject to the circumstances described below, unless an Early Termination Event (as defined below) occurs and an Early Termination Date (as defined in the Interest Rate Swap Agreement) for the Interest Rate Swap

is designated, the Interest Rate Swap will terminate on the earlier of: (i) the date on which the Class A Notes are redeemed in full in accordance with Condition 7.2 (*Mandatory Redemption of the Notes in Part*) or Condition 7.3 (*Optional Redemption of the Class A Notes*); (ii) following the expiry of the Revolving Period, the Interest Payment Date immediately following the Collection Period End Date on which the aggregate Performing Balance of the Fixed Rate Loans in the Portfolio is reduced to zero; and (iii) the Interest Payment Date falling in October 2039.

Interest Rate Swap Notional Amount means, in relation to an Interest Period, an amount notified by the Cash Manager in Sterling equal to the aggregate Performing Balance of the Fixed Rate Loans in the Portfolio for the Collection Period ending immediately prior to the relevant Interest Payment Date.

Performing Balance means, in relation to a Fixed Rate Loan and an Interest Period, an amount (if any) in Sterling equal to the product of (i) the average daily Current Balance of such Fixed Rate Loan during the Collection Period ending in the relevant Interest Period and (ii) the result of (a) the interest actually paid by the relevant Borrower, during that Collection Period, divided by (b) the interest due and payable by the relevant Borrower during that Collection Period. For the avoidance of doubt, Fixed Rate Loan as used in this definition includes Fixed Rate Loans which have become a Fixed Rate Loan after being subject to a Product Switch.

Weighted Average Fixed Rate means, in relation to an Interest Period, the weighted average of the fixed rates of interest charged to Borrowers of Fixed Rate Loans during the Collection Period ending in the relevant Interest Period (with each rate applicable to a Fixed Rate Loan weighted by reference to the proportion that the Performing Balance of such Fixed Rate Loan bears to the aggregate Performing Balance of all Fixed Rate Loans) as notified by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

Commitment of the Back-up Swap Provider

If, during the Back-up Support Period (as defined below), the Back-up Swap Provider notifies the Issuer and the Interest Rate Swap Provider that the Back-up Swap Trigger Date has occurred as a result of a Back-up Trigger Event of Default pursuant to the terms of the Back-up Swap Agreement, then the Interest Rate Swap will terminate on the Back-up Swap Trigger Date and the notional amount under the Back-up Swap will increase from zero to an amount equal to the notional amount that would have been calculated under the Interest Rate Swap but for its termination. The Back-up Swap Provider shall provide such notice if a Back-up Trigger Event of Default occurs under either limb (i) or (iii) of such definition within the time period specified in the Back-up Swap Agreement and the Back-up Swap Provider has the right to provide such notice following a Back-up Trigger Event of Default that occurs under limb (ii) of such definition. After providing such notice, the Interest Rate Swap shall be deemed to automatically terminate on the Back-up Swap Trigger Date (such date being the Early Termination Date of the Interest Rate Swap).

Back-up Support Period

In respect of the Interest Rate Swap Agreement, the "**Back-up Support Period**" means the period commencing on, and including, the Closing Date and ending on, and including, the earlier of:

(a) the Back-up Swap Trigger Date;

(b) the date on which the Interest Rate Swap Provider delivers to the Back-up Swap Provider and the Issuer a notice stating that it wishes to terminate the Back-up Support Period due to (and only in the circumstances that) the Interest Rate Swap Provider is assigned (or obtains an Eligible Guarantee from a party who has) credit ratings by each Rating Agency not lower than the Fitch First Trigger Rating (as defined below) or the Moody's First Trigger Required Rating (as defined below)) (the delivery of such notice being a **Swap Step-in Date Event** and such notice being a **Swap Step-in Notice**);

(c) the date on which the Interest Rate Swap Agreement is novated or transferred to a third party without the prior written consent of the Back-up Swap Provider;

(d) the Termination Date (as defined in the Interest Rate Swap Agreement) of the Interest Rate Swap;

(e) the occurrence of an Early Termination Date (as defined in the Interest Rate Swap Agreement) following an Event Default or a Termination Event (each as defined in the Interest Rate Swap Agreement) in respect of which the Issuer is a Defaulting Party or an Affected Party (each as defined in the Interest Rate Swap Agreement); or

(f) the occurrence of an Early Termination Date following a Termination Event (each as defined in the Interest Rate Swap Agreement) in respect of which the Interest Rate Swap Provider is the Affected Party (as defined in the Interest Rate Swap Agreement).

Calculation Agent and Valuation Agent

As long as the Back-up Support Period has not ended (other than due to the occurrence of a Back-up Swap Trigger Date), the Back-up Swap Provider shall have the right to act as Calculation Agent and Valuation Agent (each as defined in the Interest Rate Swap Agreement) under the Interest Rate Swap Agreement, in each case by providing written notice of its intention to act in such capacity or capacities in accordance with the procedure prescribed in the Interest Rate Swap Agreement. The Back-up Swap Provider will also become the Calculation Agent and Valuation Agent if a Back-up Swap Trigger Date occurs. If it chooses to perform either of these roles, the Back-up Swap Provider could be making different calculations and determinations under the Interest Rate Swap Agreement and notably of the amounts to be transferred or returned under the corresponding credit support annex, of the Exposure and of the Early Termination Amount (as defined in the Interest Rate Swap Agreement).

If either (a) the Back-up Support Period is continuing but the Back-up Swap Provider has not exercised its right to act as Calculation Agent or Valuation Agent under the Interest Rate Swap Agreement (b) the Back-up Support Period is no longer continuing (other than due to the occurrence of a Back-up Swap Trigger Date), or (c) an Event of Default (as defined in the Back-up Swap Agreement) has occurred and is continuing in relation to the Back-up Swap Provider, then the Calculation Agent and the Valuation Agent (each as defined in the Interest Rate Swap Agreement) shall be the Interest Rate Swap Provider.

The parties to each Swap Agreement will have certain dispute rights as specified in the relevant Swap Agreement in respect of calculations provided by the Calculation Agent and Valuation Agent (each as defined in the relevant Swap Agreement).

Swap Agreements – provision of collateral

With respect to each Swap Agreement, the Issuer and the relevant Swap Provider will enter into a Credit Support Annex (which will supplement and form part of such Swap Agreement).

During the Back-up Support Period, the Interest Rate Swap Provider will be obliged to transfer collateral to the Issuer in accordance with the terms of the Credit Support Annex based on a mark-to-market calculation of the Interest Rate Swap compared to the value of the collateral already posted to the Issuer.

In addition, during the Back-up Support Period and also following the termination of the Interest Rate Swap pursuant to the Interest Rate Swap Agreement, the Back-up Swap Provider will be obliged to transfer collateral to the Issuer in accordance with the terms of the Back-up Swap Agreement if both the Interest Rate Swap Provider and the Back-up Swap Provider:

(a) has not met the Fitch First Trigger Rating (as defined below) for a period of fourteen (14) calendar days and the Back-up Swap Provider has not taken other action (such as transferring the Back-up Swap Agreement to an Eligible Replacement or obtaining an Eligible Guarantee from a party that has the Fitch First Trigger Rating) to avoid an Additional Termination Event (as defined in the Back-up Swap Agreement) under the Back-up Swap Agreement; or

(b) either (i) does not have, on the Closing Date, the Moody's First Trigger Required Ratings; or (ii) if it had, on the Closing Date, the Moody's First Trigger Required Ratings, ceases, for a period of at least thirty (30) Local Business Days, to have the Moody's First Trigger Required Ratings,

together, the **Rating Collateral Posting Triggers**.

The Back-up Swap Provider may also be required to take other action (such as transferring the Back-up Swap Agreement to an Eligible Replacement or obtaining an Eligible Guarantee) to avoid an Additional Termination Event (as defined in the Back-up Swap Agreement) under the Back-up Swap Agreement.

During the Back-up Support Period and for so long as and the Interest Rate Swap has not been terminated pursuant to the Interest Rate Swap Agreement, where the Back-up Swap Provider has been downgraded to cause a Rating Collateral Posting Trigger, (a) the Interest Rate Swap Provider in such circumstances shall be required to continue to transfer collateral to the Issuer based on a mark-to-market calculation of the Interest Rate Swap compared to the value of the collateral already posted to the Issuer and (b) the Back-up Swap Provider shall, in such circumstances, only be required to post the difference between the amount required by the rating criteria and the amount that the Interest Rate Swap Provider is required to post.

In addition, following the expiry of the Back-up Support Period (other than due to the occurrence of a Back-up Swap Trigger Date), the Interest Rate Swap Provider will be required to transfer collateral to the Issuer in the event that the relevant rating(s) or counterparty risk assessment of the Interest Rate Swap Provider assigned by a Rating Agency is or are below the rating or counterparty risk assessment specified in the Interest Rate Swap Agreement (in accordance with the requirements of the Rating Agencies (the **Required Swap Ratings**). At such time, the Interest Rate Swap Provider may also be required to take other action (such as transferring the Interest Rate Swap Agreement to an Eligible Replacement or obtaining an Eligible Guarantee from a party who has the Fitch First Trigger Rating or the Moody's First Trigger Required Ratings) to avoid an Additional Termination Event (as defined in the Interest Rate Swap Agreement) under the Interest Rate Swap Agreement.

Interest Rate Swap Agreement

The Interest Rate Swap Agreement is governed by English law.

The Interest Rate Swap Agreement may be terminated in certain circumstances, including (without limitation) the following circumstances, each as may be permitted in respect of a particular party in the Interest Swap Agreement and each as more specifically defined in the Interest Rate Swap Agreement (an **Early Termination Event**):

(a) if there is a failure by a party to make any payment or delivery due under the Interest Rate Swap Agreement and any applicable grace period has expired;

(b) if certain insolvency events occur with respect to a party;

(c) if a breach of a provision of the Interest Rate Swap Agreement by the Interest Rate Swap Provider is not remedied within the applicable grace period (excluding any failure to perform any obligations stated as applicable to the Calculation Agent or Valuation Agent under the Interest Rate Swap Agreement);

(d) if a change of law results in the obligations of one of the parties becoming illegal or a force majeure event results in the performance by either party of its obligations becoming impossible;

(e) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Interest Rate Swap Agreement due to change in law (a **Tax Event**);

(f) if (1) before the expiry of the Back-up Support Period or the occurrence of an Early Termination Date under the Back-up Swap Agreement, the Back-up Swap Provider is downgraded or (2) following the expiry of the Back-up Support Period or the occurrence of an Early Termination Date under the Back-up Swap Agreement, the Interest Rate Swap Provider is downgraded (or does not have the relevant ratings), and in either case the Interest Rate Swap Provider fails to comply with the requirements of the downgrade provisions contained in the Interest Rate Swap Agreement and described above;

(g) service by the Note Trustee of a Note Acceleration Notice on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes;

(h) if there is a redemption of the Notes pursuant to Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*);

(i) if during the Back-up Support Period, the Back-up Swap Provider notifies the Interest Rate Swap Provider and the Issuer that the Back-up Swap Trigger Date has occurred as a result of a Back-up Trigger Event of Default, pursuant to the terms of the Back-up Swap Agreement, provided that only the Issuer shall have the right to terminate in this circumstance;

(j) if any of the Transaction Documents to which the Interest Rate Swap Provider is not a party is amended or has a waiver granted in connection with it, in either case without the prior written consent of the Interest Rate Swap Provider and the Interest Rate Swap Provider reasonably determines that such amendment or waiver (I) would materially adversely affect (i) the amount, timing or priority of any payments or deliveries due from the Issuer to the Interest Rate Swap Provider or from the Interest Rate Swap Provider to the Issuer or , (ii) the validity of any security granted pursuant to the Transaction Documents; or any rights that the relevant Swap Provider has in respect of such security (howsoever described, and including as a result of changing the nature or the scope of, or releasing, such security) ((i) and (ii) together being the **Swap Provider's Entrenched Rights)** or (II) is in respect of the relevant Swap Provider's rights under Condition 12.4 (*Modification*) or clause 21.1 of the Trust Deed; and

(k) if the payee tax representations made by the Interest Rate Swap Provider prove to have been incorrect or misleading in any material respect.

In addition to the Early Termination Events, the Interest Rate Swap Agreement will also terminate on the earlier of: (i) the date on which the Class A Notes are redeemed in full in accordance with Condition 7.2 (*Mandatory Redemption of the Notes in Part*) or Condition 7.3 (*Optional Redemption of the Class A Notes*); (ii) following the expiry of the Revolving Period, the Interest Payment Date immediately following the Collection Period End Date on which the aggregate Performing Balance of the Fixed Rate Loans in the Portfolio is reduced to zero; and (iii) the Final Legal Maturity Date of the Class A Notes.

Upon termination following the designation of an Early Termination Date (as defined in the Interest Rate Swap Agreement), depending on the circumstances prevailing at the time of termination, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment will in certain circumstances (including following a Swap Provider Default or a Swap Provider Downgrade Event) be based on the market value of the terminated swaps as determined on the basis of firm offers sought from leading dealers as to the costs of entering into a transaction that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties. In other circumstances (including where no firm offers can be obtained, or following early termination due to a default by the Issuer), the amount of any termination payment may reflect, among other things, the cost of entering into a replacement transaction at the time, third party market data such as rates, prices, yields and yield curves, or similar information derived from internal sources of the party making the determination. In either case, the early termination amount will include the sum of all amounts due and payable between the Interest Rate Swap Provider, as applicable, and the Issuer on or prior to the Early Termination Date and which remain unpaid as at such Early Termination Date that became due and payable on or prior to the date of termination, taking account of any collateral transferred by the Interest Rate Swap Provider to the Issuer.

Depending on the terms of the Interest Rate Swap and the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

The Interest Rate Swap Provider may, subject to certain conditions specified in the Interest Rate Swap Agreement, including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Interest Rate Swap Agreement to another entity.

Swap Agreements – Tax Gross-up

The Issuer is not obliged under the Swap Agreements to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under the Swap Agreements. However, if the relevant Swap Provider is required to receive a payment subject to withholding under the relevant Swap Agreement due to a change in law, such Swap Provider may terminate the relevant transactions under such Swap Agreement (including the Interest Rate Swap or Back-up Swap, as applicable).

The Swap Providers will generally be obliged to gross up payments made by them to the Issuer if a withholding or deduction for or on account of tax is imposed on payments made by them under the Interest Rate Swap or the Back-up Swap, as applicable. However, if the Swap Provider is required to gross up a payment under the Interest Rate Swap or the Back-up Swap, as applicable, due to a change in the law, the relevant Swap Provider may terminate the Interest Rate Swap or the Back-up Swap, as applicable.

Back-up Swap Agreement

The terms of the Back-up Swap Agreement are substantially equivalent to the terms of the Interest Rate Swap Agreement and the rights and obligations of the Back-up Swap Provider are generally equivalent to the rights and obligations of the Interest Rate Swap Provider under the Interest Rate Swap Agreement, as described above, except that:

(a) there is no equivalent back-up swap for the Back-up Swap Agreement and accordingly, no Back-up Support Period applies in such agreement and there is no equivalent to the Swap Step-in Activation Upfront Amount in such agreement;

(b) from the Closing Date, the Issuer will pay to the Back-up Swap Provider, on each Payment Date up to an including the Termination Date (as defined in the Back-up Swap Agreement), an additional fixed amount calculated by reference to: (a) the applicable fixed rate for the relevant Interest Period as specified in the Back-up Swap Agreement, (b) the applicable notional amount and (c) the exact number of days of the relevant Interest Period, divided by 365 (the "**Back-up Swap Provider Fee**"); and

(c) on the date on which the Early Termination Amount (as defined in the Interest Rate Swap Agreement) under the Interest Rate Swap Agreement is due and payable further to the occurrence of a Back-up Swap Trigger Date in accordance with the terms of the Interest Rate Swap Agreement, the Back-up Swap Provider or the Issuer, as the case may be, will be required to pay to the other party a Back-up Swap Activation Upfront Amount (as defined in the Back-up Swap Agreement) corresponding to the Close-out Amount (as defined in the Interest Rate Swap Agreement) in respect of the Interest Rate Swap. If such Back-up Swap Activation Upfront Amount is payable by the Issuer to the Swap Provider, it will be capped at the value of the collateral (if any) transferred by the Interest Rate Swap Provider to the Issuer, and the Issuer will assign to the Back-up Swap Provider its claim in respect of any residual Early Termination Amount owed by the Interest Rate Swap Provider to the Issuer, as more fully described in the Back-up Swap Agreement.

Under the Back-up Swap, for each Interest Period falling prior to the Termination Date (as defined in the Back-up Swap Agreement) of the Back-up Swap and following the Back-up Swap Trigger Date, the following amounts will be calculated:

(a) the amount equal to the product of (i) the Interest Rate Swap Notional Amount, (ii) Compounded Daily SONIA as fixed on the immediately preceding Interest Determination Date plus a spread of 0.80 per cent. per annum and (iii) the number of days in the relevant Interest Period divided by 365 (the **Back-up Swap Provider Payment**); and

(b) the amount equal to the product of: (i) the Interest Rate Swap Notional Amount; (ii) the Weighted Average Fixed Rate; and (iii) the number of days in the relevant Interest Period divided by 365 (the **Issuer Payment**).

After these two amounts are calculated in relation to an Interest Period, the following payments will be made on the relevant Interest Payment Date:

(a) if the Back-up Swap Provider Payment for that Interest Payment Date is greater than the Issuer Payment for that Interest Payment Date, then the Back-up Swap Provider will pay the positive difference to the Issuer;

(b) if the Issuer Payment for that Interest Payment Date is greater than the Back-up Swap Provider Payment for that Interest Payment Date, then the Issuer will pay the positive difference to the Back-up Swap Provider; and

(c) if the two amounts are equal, neither party will make a payment to the other.

If a payment is to be made by the Back-up Swap Provider, 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 of the Issuer.

Subject to the circumstances described below, unless an Early Termination Event (as defined below) occurs and an Early Termination Date (as defined in the Back-up Swap Agreement) for the Back-up Swap is designated, the Back-up Swap will terminate on the earlier of: (i) the date on which the Class A Notes are redeemed in full in accordance with Condition 7.2 (*Mandatory Redemption of the Notes in Part*) or Condition 7.3 (*Optional Redemption of the Class A Notes*); (ii) following the expiry of the Revolving Period, the Interest Payment Date immediately following the Collection Period End Date on which the aggregate Performing Balance of the Fixed Rate Loans in the Portfolio is reduced to zero; and (iii) the Interest Payment Date falling in October 2039.

The Issuer and the Back-up Swap Provider will have the right to terminate the Back-up Swap in accordance with the provisions of the Back-up Swap Agreement which are equivalent to those set out in the paragraph above entitled "Interest Rate Swap Agreement" in respect of the Interest Rate Swap Agreement provided that sub-paragraph (k) thereof shall not apply to the Back-up Swap Agreement. The Issuer and the Back-up Swap Provider will also have the right to terminate the Back-up Swap following the occurrence of a Swap Step-in Date or if the Back-up Support Period ends due to the occurrence of any of the events described in sub-paragraphs (c), (e) or (f) of the definition of Back-up Support Period. If the Interest Rate Swap Provider delivers a Swap Step-in Notice to the Back-up Swap Provider and the Issuer, pursuant to the Interest Rate Swap Agreement the Interest Rate Swap Provider shall pay the Swap Step-in Activation Upfront Amount to the Issuer within one Local Business Day (as defined in the Interest Rate Swap Agreement) of the Issuer notifying the Interest Rate Swap Provider of the Close-out Amount for the Back-up Swap, as calculated under the Back-up Swap Agreement.

Furthermore, as noted above in the paragraph entitled "Back-up Support Period", if at any time following the downgrade of the Back-up Swap Provider below the Required Swap Ratings, the Interest Rate Swap Provider is assigned ratings by each Rating Agency such that it satisfies the Fitch First Trigger Rating or the Moody's First Trigger Rating, the Interest Rate Swap Provider shall have the option in its discretion to deliver a notice to the Back-up Swap Provider terminating the Back-up Support Period. In such circumstances, the Back-up Swap will be terminated.

If the Back-up Swap Agreement is terminated, the termination amount due will be calculated in accordance with Section 6(e) of the Back-up Swap Agreement as amended therein.

Excess Swap Collateral, Swap Collateral, Swap Tax Credits, Recovery Amounts, Swap Step-in Activation Upfront Amount, Back-up Swap Activation Upfront Amount and Replacement Swap Premium

Any early termination amount received by the Issuer under a Swap Agreement which is to be applied to pay any Back-up Swap Activation Upfront Amount due and payable by the Issuer to the Back-up Swap Provider, Excess Swap Collateral or Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of a Swap Agreement, to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of the relevant Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the relevant Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap or paying any Back-up Swap Activation Upfront Amount due and payable by the Issuer), any Swap Tax Credits, any Swap Step-in Activation Upfront Amount, Back-up Swap Activation Upfront Amount and/or any Recovery Amounts received by the Issuer, in each case only to the extent applied directly to pay any amounts due and payable by the Issuer to a Swap Provider and any Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to a Swap Provider) shall be paid directly to that Swap Provider without regard to the applicable Priorities of Payments and in accordance with the terms of the relevant Swap Agreement.

CASHFLOWS

Application of Revenue

Definitions

Accrued Interest means, in relation to a Loan as at any date, the aggregate of all interest accrued but not yet due and payable on such Loan from (and including) the Monthly Payment Date in respect of such Loan immediately preceding the relevant date to (but excluding) the relevant date.

Appointee means any attorney, manager, agent, delegate, nominee, Receiver, custodian or other person properly appointed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions.

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 or, if in a Determination Period, Calculated Revenue Receipts, in each case, excluding any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;

(b) interest payable to the Issuer on the Bank Accounts (other than the Swap Collateral Accounts, in respect of which any interest payable to the Issuer shall constitute Swap Collateral) and income from any Authorised Investments, in each case, during the immediately preceding Collection Period, which have been received by the Issuer;

(c) amounts received by the Issuer under the Swap Agreements (other than: (i) any early termination amount received by the Issuer under a Swap Agreement which is to be applied in acquiring a replacement swap or paying any Back-up Swap Activation Upfront Amount due and payable by the Issuer; (ii) Excess Swap Collateral or Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of a Swap Agreement to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of the transaction under such Swap Agreement and, to the extent so applied, in reduction of the amount otherwise payable by the relevant Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap or paying any Back-up Swap Activation Upfront Amount due and payable by the Issuer in which case such amounts will be included in Available Revenue Receipts); (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to a Swap Provider; (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date and (v) any Swap Step-in Activation Upfront Amount, Back-up Swap Activation Upfront Amount and/or any Recovery Amounts received by the Issuer, in each case only to the extent applied directly to pay any amounts due and payable by the Issuer to a Swap Provider);

(d) the Liquidity Reserve Fund Excess Amounts;

(e) following the redemption in full of the Class A Notes, all amounts standing to the credit of the Liquidity Reserve Fund Ledger;

(f) on the Interest Payment Date falling in October 2024 only, amounts standing to the credit of the Start-Up Loan Ledger of the Issuer Transaction Account in respect of amounts advanced under Tranche A of the Start-Up Loan to the extent such amounts have not been applied to pay the closing costs and expenses of the Issuer by such Interest Payment Date;

(g) the amount of any Advance under Tranche C of the Start-Up Loan Agreement made with respect to the relevant Interest Payment Date;

(h) any Available Principal Receipts to be applied on such Interest Payment Date pursuant to items (a)(i) or (b)(i), as applicable, of the Pre-Enforcement Principal Priority of Payments in an amount sufficient to cure a Revenue Deficiency (if any);

(i) any amounts received by way of enforcement of the Loans and Related Security other than those amounts deemed to be principal; and

(j) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts.

Back-up Swap Activation Upfront Amount means an amount in GBP (as defined in the Back-up Swap Agreement) equal to the absolute value of the Close-out Amount (as defined in the Interest Rate Swap Agreement) with respect to the termination of the Interest Rate Swap following the occurrence of a Back-up Swap Trigger Event, as determined pursuant to the Interest Rate Swap Agreement.

Back-up Swap Provider Fee means, from the Closing Date, the fee payable by the Issuer to the Back-up Swap Provider on each Payment Date up to an including the Termination Date (as defined in the Back-up Swap Agreement), an additional fixed amount calculated by reference to: (a) the applicable fixed rate for the relevant Interest Period as specified in the Back-up Swap, (b) the applicable notional amount and (c) the exact number of days of the relevant Interest Period, divided by 365.

Back-up Swap Provider Payment means the amount equal to the product of (i) the Interest Rate Swap Notional Amount, (ii) Compounded Daily SONIA as fixed on the immediately preceding Interest Determination Date plus a spread of 0.80 per cent. per annum and (iii) the number of days in the relevant Interest Period divided by 365.

Excess Swap Collateral means, in respect of each Swap Agreement, an amount (which will be transferred directly to the relevant Swap Provider in accordance with the relevant Swap Agreement): (i) in the case of a termination resulting from the designation of an Early Termination Date under and as defined in the relevant Swap Agreement, equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the relevant Swap Provider (including any interest and distributions in respect thereof) to the Issuer pursuant to the relevant Swap Agreement and held by the Issuer at such time exceeds such Swap Provider's liability under such Swap Agreement as determined on or as soon as reasonably practicable after the date of termination of such Swap Agreement (such liability shall be determined in accordance with the terms of such Swap Agreement except that for the purpose of this definition only the value of the collateral will not be applied as an Unpaid Amount owed by the Issuer to such Swap Provider); or (ii) in any other circumstance, which a Swap Provider is otherwise entitled to under the terms of the relevant Swap Agreement, including as a result of changes in the value of the collateral and/or the Interest Rate Swap or Back-up Swap, as applicable.

Interest Period means (a) in the case of the Notes, 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.

Interest Rate Swap Provider means TSB Bank and any successor, transferee or replacement swap provider under the Interest Rate Swap Agreement or a Replacement Interest Rate Swap Agreement (as applicable).

Issuer Payment means the amount equal to the product of: (i) the Interest Rate Swap Notional Amount; (ii) the Weighted Average Fixed Rate; and (iii) the number of days in the relevant Interest Period divided by 365;

Liquidity Reserve Fund Drawing means, on an Interest Payment Date, a drawing from the Liquidity Reserve Fund of an amount equal to the lesser of (a) and (b) below where:

(a) is the balance standing to the credit of the Liquidity Reserve Fund Ledger; and

(b) is the maximum amount the Issuer would pay in respect of the items referred to in the Liquidity Reserve Fund Revenue Priority of Payment, after deducting all Available Revenue Receipts applied on that Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments.

Liquidity Reserve Fund Excess Amount means amounts standing to the credit of the Liquidity Reserve Fund Ledger on an Interest Payment Date in excess of the Liquidity Reserve Fund Required Amount for that Interest Payment Date.

Partial Redemption means when a Borrower makes a lump sum reduction on a Loan whereby the balance on which interest is charged will be reduced in accordance with the Mortgage Terms.

Principal Deficiency means any Losses arising in relation to a Loan in the Portfolio which causes a shortfall in the amount of Available Principal Receipts available to pay for (i) Revenue Deficiency and (ii) principal on the Notes.

Rating Collateral Posting Triggers means a situation where the relevant Back-up Swap Provider:

(a) has not met the Fitch First Trigger Rating (as defined below) for a period of fourteen (14) calendar days and has not taken other action (such as transferring the Back-up Swap Agreement to an Eligible Replacement or obtaining an Eligible Guarantee from a party that has the Fitch First Trigger Rating) to avoid an Additional Termination Event (as defined in each Back-up Swap Agreement) under each Back-up Swap Agreement; or;

(b) either (i) does not have, on the Closing Date, the Moody's First Trigger Required Ratings; or (ii) if it had, on the Closing Date, the Moody's First Trigger Required Ratings, ceases, for a period of at least thirty (30) Local Business Days, to have the Moody's First Trigger Required Ratings;

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the Deed of Charge.

Recovery Amounts means, in respect of (a) a Missed Payment (as defined in the Back-up Swap Agreement) or (b) an Early Termination Amount (as defined in the Interest Rate Swap Agreement) (or part thereof) payable by the Interest Rate Swap Provider to the Issuer under the Interest Rate Swap Agreement, any amount received or recovered or applied by the Issuer (including by way of set-off or operation of netting) in settlement or discharge of such Missed Payment or Early Termination Amount. Any payment by the Back-up Swap Provider of Floating Amounts (as defined in the Back-up Swap Agreement) shall not constitute a Recovery Amount.

Relevant Class A Note Interest Amount means interest due and payable on the Class A Notes on the relevant Interest Payment Date.

Relevant Subordinated Note Interest Amount means interest due and payable on the Subordinated Note on the relevant Interest Payment Date.

Replacement Interest Rate Swap Agreement means the agreement entered into between the Issuer and any replacement swap provider documenting the replacement interest rate swap entered into pursuant to the Cash Management Agreement.

Replacement Swap Premium means, in respect of the Interest Rate Swap or Back-up Swap, an amount received by the Issuer from a replacement swap provider upon entry by the Issuer into a Replacement Interest Rate Swap Agreement (as the case may be) with such replacement swap provider.

Required Swap Rating means the rating or counterparty risk assessment of the relevant Swap Provider specified in the relevant Swap Agreement (in accordance with the requirements of the Rating Agencies);

Revenue Deficiency means any deficit amount of Available Revenue Receipts to pay items (a) to (h) and (j) inclusive of the Pre-Enforcement Revenue Priority of Payments, as determined by the Cash Manager in accordance with the Cash Management Agreement.

Revenue Receipts means any payment received in respect of any Loan, or in respect of interest amounts or any fees in relation to a Loan (otherwise than in respect of a Loan that has been repurchased by the Seller), whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including Partial Redemption) of such Loan, on enforcement of such Loan (including recoveries in respect of interest and fees payable from the proceeds of sale of the relevant Property but only after the full aggregate principal amount outstanding has been recovered in respect of the relevant Loan if such recoveries are identifiable by the Seller as relating to a Loan in the Portfolio) or on the disposal of such Loan or otherwise, which in any such case is not recorded as a Principal Receipt in respect of such Loan.

Swap Agreement means the Interest Rate Swap Agreement and the Back-up Swap Agreement (as applicable).

Swap Collateral means, in respect of each Swap Agreement, an amount equal to the value of eligible collateral (other than Excess Swap Collateral) provided by the relevant Swap Provider to the Issuer from time to time pursuant and subject to the terms of the relevant Swap Agreement and includes any interest and distributions in respect thereof.

Swap Excluded Termination Amount means the amount of any termination payment due and payable to a Swap Provider as a result of a Swap Provider Default or Swap Provider Downgrade Event (to the extent such payment cannot be satisfied by payment by the Issuer of any Replacement Swap Premium or by the Back-up Swap Activation Upfront Amount if such amount is due and payable by the Back-up Swap Provider to the Issuer).

Swap Provider Default means, in respect of a Swap Provider, the occurrence of an Event of Default (as defined in the Swap Agreement the Swap Provider is a party to) where the Swap Provider is the Defaulting Party (as defined in the Swap Agreement the Swap Provider is a party to).

Swap Provider Downgrade Event means, in respect of a Swap Provider, the occurrence of an Additional Termination Event (as defined in the Swap Agreement the Swap Provider is a party to) following the failure by such Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the applicable Swap Agreement.

Swap Provider means the Interest Rate Swap Provider and the Back-up Swap Provider.

Swap Step-in Activation Upfront Amount means a cash amount in GBP equal to the absolute value of the Close-out Amount (as defined in the Back-up Swap Agreement) with respect to the termination of the Back-up Swap following the occurrence of a Swap Step-in Date Event, as determined pursuant to the Back-up Swap Agreement.

Swap Tax Credits means, in respect of each Swap Agreement, any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the relevant Swap Provider to the Issuer.

Unpaid Amounts means the sum of all amounts due and payable between a Swap Provider and the Issuer on or prior to the Early Termination Date (as defined in the relevant Swap Agreement) and which remain unpaid as at such Early Termination Date.

Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer

On each relevant Interest Payment Date prior to the service of a Note Acceleration Notice by the Note Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall apply or provide for the application of the Available Revenue Receipts received during the immediately preceding Interest Period (save that any amounts payable under item (f) below may be paid on any date, provided that the Issuer (in the reasonable opinion of the Cash Manager) will have sufficient funds available to make any payments pursuant to paragraphs (a) to (e) (inclusive) below on the following Interest Payment Date) 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:

(i) any fees, costs, charges, liabilities, expenses, indemnity payments and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Note 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, indemnity payments and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the

Security 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 any remuneration then due and payable to the Paying Agents, the Agent Bank and the Corporate Services Provider and any fees, costs, charges, liabilities, expenses, indemnity payments and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;

(c) *third*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any amounts then due and payable to the Servicer and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

(ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;

(iii) any amounts then due and payable to the Back-Up Servicing Facilitator and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Servicing Facilitator in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein; and

(iv) any amounts then due and payable to the Issuer Account Bank and/or the Custodian and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Issuer Account Bank and/or the Custodian in the immediately succeeding Interest Period under the provisions of the Bank Account Agreement and of the Custody Agreement, together with VAT (if payable) thereon as provided therein;

(d) *fourth,* in or towards satisfaction of any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (e) below);

(e) *fifth*, to pay the Issuer an amount equal to the Issuer Profit Amount to be retained by the Issuer as profit in respect of the business of the Issuer;

(f) *sixth*, in or towards satisfaction 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;

(g) *seventh*, to provide for amounts due on the relevant Interest Payment Date, to pay any amounts due to a Swap Provider, in respect of the Swap Agreements (including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to a Swap Provider of any Replacement Swap Premium, by the Back-up Swap Activation Upfront Amount if such amount is due and payable by the Back-up Swap Provider to the Issuer or by the Swap Step-in Activation Upfront Amount) but excluding any related Swap Excluded Termination Amount;

(h) *eighth*, in or towards satisfaction of amounts due on the relevant Interest Payment Date, to pay *pro rata* and *pari passu* according to the respective amounts thereof the Relevant Class A Note Interest Amount and any accrued but unpaid interest to the Class A Noteholders;

(i) *ninth*, to credit (so long as the Class A Notes will remain outstanding following such Interest Payment Date) the Class A Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);

(j) *tenth*, to retain an amount in the Issuer Transaction Account in order to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount (with a corresponding credit to the Liquidity Reserve Fund Ledger);

(k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, in accordance with the terms of each Swap Agreement, to the Swap Providers in respect of a Swap Excluded Termination Amount (to the extent not satisfied by payment to the Swap Providers by the Issuer of any Replacement Swap Premium, by the Back-up Swap Activation Upfront Amount if such amount is due and payable by the Back-up Swap Provider to the Issuer or by the Swap Step-in Activation Upfront Amount);

(l) *twelfth,* to credit (so long as the Subordinated Note will remain outstanding following such Interest Payment Date) the Subordinated Note Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);

(m) *thirteenth*, in or towards satisfaction of amounts due on the relevant Interest Payment Date, to pay the Relevant Subordinated Note Interest Amount and any accrued but unpaid interest to the Subordinated Noteholder, if any;

(n) *fourteenth*, in or towards satisfaction of all amounts due, to pay all amounts due under the Start-Up Loan and any accrued but unpaid interest to the Start-Up Loan Provider; and

(o) *fifteenth*, to pay any remaining amounts in accordance with the Mortgage Sale Agreement, in respect of the Loans sold to the Issuer from time to time (the **Deferred Consideration**), to the Seller.

Application of Monies Released from the Liquidity Reserve Fund

On each relevant Interest Payment Date prior to the service of a Note Acceleration Notice by the Note Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall, after application of the Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, apply a Liquidity Reserve Fund Drawing in the following order of priority (in each case only if and to the extent that such payments have not already been made as a result of the operation of the Pre-Enforcement Revenue Priority of Payments and payments or provisions of a higher priority have been made in full) (the **Liquidity Reserve Fund Revenue Priority of Payments**):

(a) *first*, the amount specified in item (a) of the Pre-Enforcement Revenue Priority of Payments;

(b) *second*, the amount specified in item (b) of the Pre-Enforcement Revenue Priority of Payments;

(c) *third*, the amount specified in item (c) of the Pre-Enforcement Revenue Priority of Payments;

(d) *fourth*, the amount specified in item (d) of the Pre-Enforcement Revenue Priority of Payments;

(e) *fifth*, the amount specified in item (e) of the Pre-Enforcement Revenue Priority of Payments;

(f) *sixth*, the amount specified in item (f) of the Pre-Enforcement Revenue Priority of Payments;

(g) *seventh*, the amount specified in item (g) of the Pre-Enforcement Revenue Priority of Payments;

(h) *eighth*, the amount specified in item (h) of the Pre-Enforcement Revenue Priority of Payments;

Application of Monies Following Redemption of the Notes in Full

On the relevant date (which is not an Interest Payment Date) of redemption of the Notes in full, the Issuer (or the Cash Manager on its behalf) may, or if directed by the Seller, shall, apply all amounts standing to the credit of the Bank Accounts of the Issuer to repay any liabilities of the Issuer and to discharge all other amounts required to be paid by the Issuer in accordance with the order of priority set out in the Post-Enforcement Priority of Payments.

Application of Principal

Definitions

Available Principal Receipts means, for any Interest Payment Date, an amount equal to the aggregate of (without double counting and applied on a first in first out basis):

(a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date:

(i) received by the Issuer during the immediately preceding Collection Period;

(ii) received by the Issuer from the Seller during the immediately preceding Collection Period in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement; and

(iii) without double counting, any amounts that remain standing to the credit of the Principal Ledger following the application of Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments on the immediately preceding Interest Payment Date and not otherwise applied as Available Principal Receipts on that Interest Payment Date.

(b) any amounts received by way of enforcement of the Loans and Related Security deemed to be principal;

(c) amounts credited to the Principal Deficiency Ledger in accordance with items (i) and (l) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date;

(d) any insurance proceeds received during the immediately preceding Collection Period;

(e) any amount drawn under the Subordinated Note equal to the Class A Shortfall Amount which has been recorded on such Interest Payment Date; and

(f) any other amounts deemed by the Cash Manager to be principal which are not Available Revenue Receipts;

minus

(g) an amount equal to the aggregate of all New Portfolio Purchase Price amounts paid by the Issuer in such Collection Period (but excluding from this deduction any New Portfolio Purchase Price amounts to be paid by the Issuer on that Interest Payment Date),

and, for the avoidance of doubt, the following shall not constitute Available Principal Receipts:

(i) amounts applied to the Pre-Enforcement Revenue Priority of Payments under item (a)(i) or (b)(i), as applicable, of the Pre-Enforcement Principal Priority of Payments; and

(ii) any amounts standing to the credit of the Principal Ledger that are applied in or towards the payment of any Optional Redemption Repayment Amount pursuant to the terms of the Trust Deed.

Class A Shortfall Amount means the amount by which:

(a) the requisite amount for the Issuer to repay the Class A Notes on an Interest Payment Date down to the applicable Class A Target Amortisation Amount for that Interest Payment Date;

exceeds

(b) the amount of Available Principal Receipts remaining to be applied under the Pre-Enforcement Principal Priority of Payments after payment of items (a)(i) thereunder on the same Interest Payment Date,

as determined by the Cash Manager on a Calculation Date prior to that Interest Payment Date in accordance with the Cash Management Agreement.

Portfolio Eligibility Trigger means the occurrence of any one of the following events:

(a) the Step-Up Date;

(b) a Seller Insolvency Event, or, an insolvency event in relation to the replacement servicer to the extent TSB Bank is not Servicer;

(c) an unremedied breach by the Seller of any of its obligations under the Transaction Documents, which breach has (or, with the passage of time, would have) a Material Adverse Effect;

(d) following the application of the Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments on an Interest Payment Date, the balance recorded to the Subordinated Note Principal Deficiency Ledger is in excess of 10 per cent. of the aggregate Principal Amount Outstanding of the Subordinated Note as at that Interest Payment Date;

(e) the Liquidity Reserve Fund is not fully funded to the Liquidity Reserve Fund Required Amount on an Interest Payment Date following application of the Pre-Enforcement Revenue Priority of Payments; and

(f) the aggregate Current Balance of the Loans in the Portfolio which are then in arrears for 3 months or more is greater than or equal to 3 per cent. of the aggregate Current Balance of all Loans in the Portfolio as at any Interest Payment Date.

Principal Receipts means any amount received and recorded as being received in respect of principal in respect of any Loan (including payments pursuant to any Insurance Policies), whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including Partial Redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale of the relevant Property) or on the disposal of such Loan or otherwise (without double counting but including principal received or treated as received after completion of the relevant enforcement procedures undertaken in accordance with the Seller's Policy until the full principal amount has been recovered in respect of the relevant Loan and principal received from the Seller in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement).

Reconciliation Amount means in respect of any Collection Period which is a Determination Period:

(a) the actual Principal Receipts as determined in accordance with the available Servicer Reports;

(b) *less* the Calculated Principal Receipts in respect of such Collection Period;

(c) *plus* any Reconciliation Amount not applied in previous Collection Periods;

Revolving Period End Date means the earlier of (i) the Interest Payment Date falling in October 2029; and (ii) the occurrence of a Revolving Period Termination Event.

Revolving Period Termination Event means (i) the occurrence of an Event of Default; (ii) the occurrence of a Portfolio Eligibility Trigger; or (iii) the occurrence of a Principal Ledger Threshold Event.

A **Principal Ledger Threshold Event** occurs when amounts standing to the credit of the Principal Ledger (excluding any New Portfolio Purchase Price amounts payable by the Issuer) prior to the application of the Pre-Enforcement Principal Priority of Payments exceed the Principal Ledger Maximum Amount both on a relevant Interest Payment Date and on the immediately preceding Interest Payment Date.

Pre-Enforcement Principal Priority of Payments

On any Interest Payment Date prior to the service of a Note Acceleration Notice on the Issuer by the Note Trustee, the Issuer (or the Cash Manager on its behalf) shall apply Available Principal Receipts in the following order of priority (the Pre-Enforcement Principal Priority of Payments) (in each case only if and to the extent that payments or provisions of higher priority have been paid in full of which the first of the Available Principal Receipts to be applied shall be any amount falling under paragraph (a) of the definition of Available Principal Receipts):

(a) During the Revolving Period:

(i) *first*, an amount in or up to the amount of any remaining Revenue Deficiency determined by the Cash Manager to pay items (a) to (h) and (j) (inclusive) of the Pre-Enforcement Revenue Priority of Payments following the application of the Liquidity Reserve Fund Drawing on that Interest Payment Date, to be applied as Available Revenue Receipts on such Interest Payment Date (with a corresponding debit to the relevant Principal Deficiency Sub-Ledger);

(ii) *second*, in or towards repayment of the principal amounts outstanding on the Class A Notes, up to the Class A Target Amortisation Amount for such Interest Payment Date;

(iii) *third*, (so long as there are any amounts standing to the debit of the New Portfolio Purchase Price Ledger) to credit the New Portfolio Purchase Price Ledger in an amount sufficient to eliminate any debt thereon;

(iv) *fourth*, amounts retained on the Principal Ledger up to the Principal Ledger Maximum Amount; and

(v) *fifth*, as Principal Ledger Excess Amounts, in or towards repayment of the principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero.

(b) Prior to an Enforcement Event but on and following the Revolving Period End Date:

(i) *first*, an amount in or up to the amount of any remaining Revenue Deficiency determined by the Cash Manager to pay items (a) to (h) and (j) (inclusive) of the Pre-Enforcement Revenue Priority of Payments following the application of the Liquidity Reserve Fund Drawing on that Interest Payment Date, to be applied as Available Revenue Receipts on such Interest Payment Date (with a corresponding debit to the relevant Principal Deficiency Sub-Ledger);

(ii) *second*, in or towards repayment of the principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

(iii) *third*, in or towards repayment of the principal amounts outstanding on the Subordinated Note until the Principal Amount Outstanding on the Subordinated Note has been reduced to zero; and

(iv) *fourth*, to pay any Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller in respect of the Loans sold to the Issuer from time to time.

Principal Ledger Maximum Amount means an amount equal to 5 per cent. of the Principal Amount Outstanding on the Notes as at the relevant Interest Payment Date.

Principal Ledger Excess Amount means any amounts standing to the credit of the Principal Ledger (excluding any New Portfolio Purchase Price amounts payable by the Issuer) on an Interest Payment Date in excess of the Principal Ledger Maximum Amount for that Interest Payment Date.

Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer

Following the service of a Note Acceleration Notice by the Note Trustee (which has not been revoked) on the Issuer, the Security Trustee (or the Cash Manager on its behalf) will apply all monies standing to the credit of the Bank Accounts and all receipts (however characterised or realised) received by the Issuer and/or the Security Trustee or a Receiver (whether of principal or interest or otherwise, but excluding:

(a) amounts representing any Excess Swap Collateral which shall be returned directly to the relevant Swap Provider under the relevant Swap Agreement;

(b) any Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Swap Agreement, to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of that Swap Agreement) which shall be returned directly to the relevant Swap Provider in the event that an Early Termination Date (as defined in the relevant Swap Agreement) has been designated, pay any early termination amount payable by the Issuer to a Swap Provider in accordance with the terms of the relevant Swap Agreement;

(c) any Swap Tax Credits which shall be returned directly to the relevant Swap Provider;

(d) any Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to a Swap Provider) which shall be paid directly to the relevant Swap Provider); and

(e) any Recovery Amounts received by the Issuer, only to the extent applied directly to pay any amounts due and payable by the Issuer to a Swap Provider,

in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full) (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 remuneration, fees, costs, charges, liabilities, expenses, indemnity payments and all other amounts then due and payable to the Note 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 remuneration, fees, costs, charges, liabilities, expenses, indemnity payments and all other amounts then due and payable to the Security 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 any remuneration, fees, costs, charges, liabilities, expenses, indemnity payments and all other amounts then due and payable to the Paying Agents, the Agent Bank and the Corporate Services Provider under the provisions of the Agency Agreement or the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;

(c) *third*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Servicer under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

(ii) any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;

(iii) any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Back-Up Servicing Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein; and

(iv) any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Issuer Account Bank under the provisions of the Bank Account Agreement, together with (if payable) VAT thereon as provided therein;

(v) any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Custodian under the provisions of a Custody Agreement together with (if payable) VAT thereon as provided therein;

(d) *fourth*, in or towards satisfaction of any amounts due and payable to a Swap Provider in respect of the relevant Swap Agreement including any termination payment due and payable by the Issuer but excluding, where applicable, any Swap Excluded Termination Amount;

(e) *fifth*, to pay all amounts of interest due and payable or accrued (if any) but unpaid in respect of the Class A Notes;

(f) *sixth*, to pay all amounts of principal due and payable on the Class A Notes to the Class A Noteholders until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

(g) *seventh*, to pay, in accordance with the terms of the relevant Swap Agreement, to a Swap Provider in respect of any Swap Excluded Termination Amount;

(h) *eighth,* to pay all amounts of interest due and payable or accrued (if any) but unpaid and any capitalised interest due on the Subordinated Note to the Subordinated Noteholder;

(i) *ninth*, to pay all amounts of principal due and payable on the Subordinated Note to the Subordinated Noteholder until the Principal Amount Outstanding on the Subordinated Note has been reduced to zero;

(j) *tenth*, in or towards satisfaction of all amounts due under the Start-Up Loan, to pay all such amounts and any accrued but unpaid interest to the Start-Up Loan Provider;

(k) *eleventh,* to pay the Issuer the Issuer Profit Amount to be retained by the Issuer as profit in respect of the business of the Issuer; and

(l) *twelfth*, to pay any Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller.

Disclosure of modifications to the priorities of payments

Any events which trigger changes in the Priorities of Payment and any change in the Priorities of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

DESCRIPTION OF THE NOTES

General

The Class A Notes, as at the Closing Date, will initially be represented by Temporary Global Notes. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Temporary Global Notes will be deposited on or about the Closing Date on behalf of the subscribers for the Notes with a common safekeeper for both Euroclear and Clearstream, Luxembourg (the **Common Safekeeper**). Upon deposit of the Temporary Global Notes, the Clearing Systems will credit each subscriber of Notes with the principal amount of Notes of the relevant class equal to the aggregate principal amount thereof for which the subscriber will have subscribed and paid. Interests in the Temporary Global Notes are exchangeable on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests recorded in the records of the Clearing Systems in a Permanent Global Note.

For so long as the Notes are represented by Global Notes and the Clearing Systems so permit, the Notes will be tradable only in the minimum authorised denomination of £100,000 and integral multiples of £1,000 in excess thereof (an **Authorised 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 Arranger. 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 the Common Safekeeper (or its nominee) is the holder of the Global Notes underlying the Book-Entry Interests, the Common Safekeeper (or its nominee) will be considered the sole Noteholder of the Global Notes for all purposes under the Trust Deed. Except as set forth under "*Issuance of Definitive Notes*" 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 "— *Action in Respect of the Global Notes 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 or Indirect Participants, as the case may be. 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 Notes are issued in accordance with the Conditions. 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.

In the case of the Global Notes, unless and until Book-Entry Interests are exchanged for Definitive Notes, the Global Notes 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 will hold Book-Entry Interests in the Global Notes relating thereto. Investors may hold their Book-Entry Interests in respect of the Global Notes 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 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.

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 Arranger, the Joint Lead Managers, the Note Trustee, the Security Trustee or any of their respective 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.

Payments on 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 or to the order of The Bank of New York Mellon, London Branch (the **Principal Paying Agent**) on behalf of the Issuer to the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes. 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 Common Safekeeper or their nominees 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 none of the Issuer, the Principal Paying Agent or 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 and Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Safekeeper, 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, as the case may be. 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 Arranger, the Note Trustee or the Security Trustee 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 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, the Note Trustee or the Security 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 the Global Notes (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 nominee of the Common Safekeeper (or its nominee) 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 Notes (or portion thereof) relating thereto. For any redemptions of the Global Notes 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

Cancellation of any Note represented by the Global Notes and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the Global Notes on the relevant schedule thereto and the corresponding entry on the Register.

Subordinated Note

The Subordinated Note will be in dematerialised registered form and no certificate evidencing entitlement to the Subordinated Note will be issued. The Issuer will maintain a register, to be kept on the Issuer's behalf by the Dematerialised Note Registrar, in which the Subordinated Note will be registered in the name of the holder of such Subordinated Note. Transfers of the Subordinated Note may be made only through the register maintained by the Issuer and are subject to the transfer restrictions set out in Condition 2.2 (*Title*).

As at any date of determination, **Subordinated Note Principal Amount Outstanding** is equal to the total principal amount of all drawings under the Subordinated Note on and since the Closing Date less the aggregate amount of all principal payments in respect of such Subordinated Note which have been made since the Closing Date and not later than such date of determination (see Condition 7.5 (*Principal Amount Outstanding*)).

Transfers and Transfer Restrictions

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.

Issuance of Definitive Notes

A Permanent Global Note will be exchanged for Class A Notes in definitive bearer form (such exchanged Global Note, the **Definitive Notes**) (free of charge to the persons entitled to them) only if either of the following applies: both Euroclear and Clearstream, Luxembourg: (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or (ii) announce an intention permanently to cease business (and do so cease to do business), and in either case, no alternative clearing system satisfactory to the Note Trustee is available; or as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (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 application 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 for or on account of tax from any payment in respect of any of the Class A Notes which would not be required were such Class A Notes in definitive form.

If Definitive Notes are issued in respect of Class A Notes originally represented by a Global Note, the beneficial interests represented by the relevant Global Note shall be exchanged by the Issuer for the Class A Notes in definitive form. The aggregate principal amount of the Definitive Notes shall be equal to the Principal Amount Outstanding at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of the Conditions, the Agency Agreement, the Trust Deed and the Global Note. Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached. Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with a denomination above £199,000. See "*Risk Factors — Notes Where Denominations Involve Integral Multiples — Credit Structure*" above.

Action in Respect of the Global Notes and the Book-Entry Interests

Not later than 10 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 or 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 "— *Information Regarding Euroclear and Clearstream, Luxembourg*" above, with respect to soliciting instructions from their respective Participants.

Reports

So long as the Class A Notes are listed on the Official List and traded on the regulated market of the London Stock Exchange and the rules of the London Stock Exchange so permit, all notices relating to the Class A Notes shall be published by delivery to the applicable clearing system. Any such notice shall be deemed to have been given to all Class A Noteholders on the same day that such notice was delivered to the applicable Clearing System. Notices relating to the Class A Notes may also be published on the announcements section of the website of the London Stock Exchange, on the applicable page of the Reuters screen, Bloomberg screen or any other medium for electronic display of data as may be approved by the Note Trustee. See also Condition 15 (*Notice to Noteholders*) of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes (the **Conditions**), substantially as they appear in the Trust Deed and as they apply to the Notes in global form and the Notes in definitive form (if any) issued in exchange for the Global Note(s) and which will be endorsed on such Notes in definitive form, as applicable. These terms and conditions are subject to the detailed provisions of the Trust Deed, the Deed of Charge and the other Transaction Documents (as defined below).

1. GENERAL

The £500,000,000 Class A asset-backed floating rate notes due 22 July 2071 (the **Class A Notes** and the subordinated note due 22 July 2071 (the **Subordinated Note**) in an initial principal amount of £61,798,000 and the Subordinated Note together with the Class A Notes, the **Notes**, in each case of Duncan Funding 2024-1 PLC (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated on or about 23 May 2024 (the **Closing Date**) and made between, *inter alios*, the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee for the Noteholders (in such capacity, the **Note Trustee**). Any reference in these Conditions to a **Class** of Notes or of Noteholders shall be a reference to the Class A Notes or the Subordinated Note, as the case may be, or to the respective holders thereof, in each case except where the context otherwise requires.

The security for the Notes is constituted by and pursuant to a deed of charge and assignment (the **Deed of Charge**) dated on the Closing Date and made between, *inter alios*, the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on the Closing Date and made between the Issuer, the Note Trustee, BNY Mellon Corporate Trustee Services Limited, as principal paying agent (in such capacity, the **Principal Paying Agent**, and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agents**), TSB Bank PLC, as Dematerialised Note Registrar (in such capacity, the **Dematerialised Note Registrar**) and BNY Mellon Corporate Trustee Services Limited, as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and the master definitions and construction schedule entered into by, *inter alios*, the Issuer, the Note Trustee and the Security Trustee on the Closing Date (the **Master Definitions and Construction Schedule**) and the other Transaction Documents (as defined therein).

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection and collection during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Class A Notes are initially represented by a temporary global note (the Temporary Global Note) in bearer form in the aggregate principal amount on issue of £500,000,000. The Temporary Global Note has been deposited on behalf of the subscribers of Class A Notes with a common safekeeper (the **Common Safekeeper**) for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A/N.V. (Euroclear and together with Clearstream, Luxembourg, the **Clearing Systems**) on the Closing Date. Upon deposit of the Temporary Global Note, the Clearing Systems

credited each subscriber of Class A Notes with the principal amount of Class A Notes equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in the Temporary Global Note are exchangeable on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests in a permanent global note (the **Permanent Global Note**) representing the Class A Notes (the expressions **Global Notes** and Global Note meaning the relevant Temporary Global Note or the relevant Permanent Global Note, as the context may require). The Permanent Global Note has also been deposited with the Common Safekeeper for the Clearing Systems.

Interests in a Global Note will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

The Subordinated Note will be in dematerialised registered form.

For so long as the Class A Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Class A Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Definitive Notes (as defined below) will be issued with a denomination above £199,000.

A Permanent Global Note will be exchanged for Class A Notes in definitive bearer form (such exchanged Global Note, the **Definitive Notes**) (free of charge to the persons entitled to them) only if either of the following applies:

(a) both Euroclear and Clearstream, Luxembourg:

(i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or

(ii) announce an intention permanently to cease business (and do so cease to do business), and

in either case, no alternative clearing system satisfactory to the Note Trustee is available; or

(b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (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 application 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 for or on account of tax from any payment in respect of any of the Class A Notes which would not be required were such Class A Notes in definitive form.

If Definitive Notes are issued in respect of Class A Notes originally represented by a Global Note, the beneficial interests represented by the relevant Global Note shall be exchanged by the Issuer for the Class A Notes in definitive form. The aggregate principal amount of the Definitive Notes shall be equal to the Principal Amount Outstanding at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the Global Note.

Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.

Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with a denomination above £199,000.

The Subordinated Note has a minimum denomination of £100,000 and may be issued and redeemed in integrals of £1,000. No certificate evidencing entitlement to the Subordinated Note will be issued. The Subordinated Note will be in dematerialised registered form.

The Subordinated Note will be issued on the Closing Date with an initial Principal Amount Outstanding of £61,798,000. If a further funding is made in respect of any of the Subordinated Note, the Dematerialised Note Registrar shall record such increase in the Principal Amount Outstanding of the Subordinated Note in the register for the Subordinated Note (the **Dematerialised Note Register**).

References to **Notes** in these Conditions shall include the Global Notes, the Subordinated Note and the Definitive Notes.

For the purposes of these Conditions, outstanding means, in relation to the Notes, all the Notes issued from time to time other than:

(a) those Notes which have been redeemed in full and cancelled pursuant to the Conditions;

(b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Note Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with these Conditions) and remain available for payment against presentation of the relevant Notes;

(c) those Notes which have been cancelled in accordance with Condition 7.8 (*Cancellation*) of the Notes;

(d) those Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 9 (*Prescription*) of the Notes;

(e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Notes*) with respect to the Notes;

(f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Note) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Notes*) with respect to the Notes; and

(g) any Global Note to the extent that it shall have been exchanged for another Global Note in respect of the Notes of the relevant Class or for the Notes of the relevant Class in definitive form pursuant to its provisions,

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the Noteholders of any Class or Classes, an Extraordinary Resolution in writing or an Ordinary Resolution in writing, a Written Resolution or an Electronic Consent as envisaged by paragraph 1 of Schedule 4 to the Trust Deed and any direction or request by the holders of Notes of any Class or Classes;

(ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 10.1 and Schedule 4 to the Trust Deed and Conditions 10 (*Events of Default*), 11 (*Enforcement*) and 12.5 (*Additional Right of Modification*) of the Notes;

(iii) any discretion, power or authority (whether contained in the Trust Deed, the Deed of Charge or vested by operation of law) which the Security Trustee and/or the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any Class or Classes thereof; and

(iv) the determination by the Note Trustee or the Security Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

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 and any Subsidiary of the Seller, 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 and any Subsidiary thereof (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.

Subsidiary means a subsidiary as defined in section 1159 of the Companies Act 2006.

2.2 Title

Title to the Global Notes and the Definitive Notes shall pass by delivery.

Title to a Subordinated Note shall only pass by and upon registration of the transfer in the Dematerialised Note Register provided that no transferee shall be registered as a new Subordinated Noteholder unless (a) the prior written consent of the Issuer and (for so long as any Class A Notes are outstanding) the Note Trustee has been obtained (and the Note Trustee shall give its consent to such a transfer if the same has been sanctioned by Extraordinary Resolutions of the Class A Noteholders) and (b) such transferee has certified to, *inter alios*, the Dematerialised Note Registrar that it is (i) a person falling within paragraph 3 of Schedule 2A to the Insolvency Act 1986, (ii) independent of the Issuer within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006 and (iii) a Qualifying Noteholder.

Qualifying Noteholder means:

(a) a person which is beneficially entitled to interest in respect of the Subordinated Note and is:

  (i) a company resident in the United Kingdom for United Kingdom tax purposes;

  (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account payments of interest in respect of the Notes in computing the chargeable profits (for the purposes of Section 19 of the Corporation Tax Act 2009 (the **CTA**)) of that company; or

  (iii) a partnership each member of which is:

    (A) a company resident in the United Kingdom; or

    (B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account in computing its chargeable profits (for the purposes of Section 19 of the CTA) the whole of any share of a payment of interest in respect of the Notes that is attributable to it by reason of Part 17 of the CTA; or

(b) a person which falls within any of the other descriptions in section 935 or 936 of the ITA 2007 and satisfies any conditions set out therein in order for the interest to be an excepted payment for the purposes of section 930 of the ITA 2007.

Noteholders means (i) the Class A Noteholders and (ii) the person(s) in whose name a Subordinated Note is registered in the Dematerialised Note Register.

Class A Noteholders means holders of the Class A Notes; and

Subordinated Noteholder means the holder of the Subordinated Note.

3. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

3.1 Status and relationship between the Notes

(a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes will rank *pari passu* and *pro rata* among themselves as to payments of principal and interest as provided in these Conditions and Transaction Documents.

(b) The Subordinated Note constitutes direct, secured and (subject as provided in Condition 16 (*Subordination by Deferral*) and the limited recourse provisions in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Subordinated Note will rank junior to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Subordinated Noteholder will be subordinated to the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding).

(c) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Class A Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise) but requiring the Note Trustee in any such case to have regard only to the interests of the Class A Noteholders if, in the Note Trustee's opinion, there is a conflict between the interests of (A) the Class A Noteholders; and (B) the Subordinated Noteholder.

As long as the Notes are outstanding but subject to Conditions 12.4 (*Modification*) and 12.5 (*Additional Right of Modification*), the Security Trustee shall not have regard to the interests of any Secured Creditors other than the Noteholders.

(d) A resolution may only be passed at a single meeting of the Noteholders of each Class or given in a single Written Resolution and a written direction may only be given in a single written direction of all of the Classes of Notes if the Note Trustee is, in its absolute discretion, satisfied that there is no conflict between them.

(e) The Trust Deed and the Deed of Charge contain provisions limiting the powers of the Subordinated Noteholder to request or direct the Note Trustee or the Security Trustee to take any action according to the effect thereof on the interests of the Class A Noteholders and also, in the case of a request or direction or an Extraordinary Resolution of the Subordinated Noteholder.

(f) Except in certain circumstances set out in the Trust Deed and the Deed of Charge, there is no such limitation on the powers of the Class A Noteholders, the exercise of which will be binding on the Subordinated Noteholder, irrespective of the effect thereof on their interests.

(g) For the purpose of these Conditions, **Controlling Class** means:

(i) the Class A Notes so long as any Class A Notes are outstanding, subject as provided in Condition 3.1(c) (*Status and relationship between the Notes*); and

(ii) after the Class A Notes have been repaid in full, the Subordinated Note.

3.2 Security

(a) The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

(b) The Noteholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

4. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

(a) **Negative pledge**: create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;

(b) **Restrictions on activities**: (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;

(c) **Disposal of assets**: transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;

(d) **Equitable Interest**: permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;

(e) **Dividends or distributions**: pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the Priority of Payments which are available for **distribution** in accordance with the Issuer's Memorandum and Articles of Association and with applicable laws or issue any further shares;

(f) **Indebtedness**: incur any financial indebtedness or give any guarantee in respect of any financial indebtedness or of any other **obligation** of any person;

(g) **Merger**: consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(h) **No modification or waiver**: permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;

(i) **Bank accounts**: have an interest in any bank account other than the Bank Accounts (including the Swap Collateral Accounts), unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;

(j) **U.S. activities**: engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles;

(k) **Corporation tax**: prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended);

(l) **Subordinated Note**: so long as the Class A Notes are outstanding, allow the Principal Amount Outstanding of the Subordinated Note to be less than 5 per cent. of the aggregate Current Balance of the Loans as at the Closing Date; or

(m) **VAT**: apply to become part of any group for the purposes of sections 43 to 43D of the Value Added Tax Act 1994 and the VAT (Groups: eligibility) Order (S.I. 2004/1931) with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal any of the same.

5. INTEREST

5.1 Interest Accrual

Each Class A Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. The Class A Note (or, in the case of the redemption of part only of a Class A Note, that part only of such Class A Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 6 (*Payments*), payment of the principal in respect of the Class A Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

5.2 Interest Payment Dates

The first Interest Payment Date will be the Interest Payment Date falling in October 2024.

Interest will be payable quarterly in arrear on the 22nd day of January, April, July and October of each year or, if such day is not a Business Day, on the immediately succeeding Business Day (each such date being an **Interest Payment Date**), for all Classes of the Notes.

In these Conditions **Interest Period** shall mean in the case of the Notes, the period from (and including) an Interest Payment Date (except in the case of the first Interest Period for the Notes, where it shall mean the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date.

5.3 Rate of Interest

(a) The rate of interest payable from time to time in respect of the Notes (each a **Rate of Interest** and together the **Rates of Interest**) will be determined on the basis of the following provisions:

(i) with respect to the Class A Notes,

(A) on each Interest Determination Date (as defined below), The Bank of New York Mellon, London Branch (in such capacity, the **Agent Bank**) will determine the Compounded Daily SONIA (as defined below) at approximately 11.00 a.m. (London time) on that Interest Determination Date;

(B) the Rate of Interest for the relevant Interest Period shall be the Compounded Daily SONIA determined as at the related Interest Determination Date plus the Relevant Margin;

(C) subject to paragraph (B) above, in the event that the Rate of Interest cannot be determined in accordance with the provisions of these Conditions by the Agent Bank (or such other party responsible for the calculation of the Rate of Interest), the Rate of Interest shall be (i) 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 Rate of Interest which would have been applicable to such 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) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period); and

(ii) with respect to the Subordinated Note, the Rate of Interest shall be 0.0 per cent.

There will be no maximum Rate of Interest. Where the Rate of Interest applicable to the Notes for any Interest Period is determined to be less than zero, the Rate of Interest for such Interest Period shall be zero.

(b) The margin on each of the Class A Notes changes from (and including) the Interest Payment Date falling in October 2029 (the **Step-Up Date**).

(c) In these Conditions (except where otherwise defined), the expression:

(i) **Business Day** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

(ii) **Compounded Daily SONIA** means the rate of return of a daily compound interest investment (with the daily Sterling Overnight Index Average as reference rate for the calculation of interest) and will be calculated by the Agent Bank (or such other party responsible for the calculation of the Rate of Interest) on 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:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{\text{SONIA}_{\text{i - 5LBD}} \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d_o**" is the number of Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period; and

"**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;

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 Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

If, in respect of any Business Day in the relevant SONIA Observation Period, the Agent Bank (or such other party responsible for the calculation of the Rate of Interest) determines that the SONIA Reference Rate is not available on the Relevant Screen Page 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;

$SONIA_{i-5LBD}$ means, in respect of any Business Day falling in the relevant SONIA Observation Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to the relevant Business Day "i";

Interest Determination Date in relation to the Notes means the fifth Business Day before the Interest Payment Date for which the rate will apply;

SONIA Observation Period means the period from and including the date falling five Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Closing Date) and ending on, but excluding, the date falling five Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the relevant Notes);

(iii) **Relevant Margin** means in respect of the Class A Notes prior to the Step-Up Date 0.55 per cent. per annum and from the Step-Up Date, 1.1 per cent. per annum;

(iv) **Relevant Screen Page** means in relation to the Class A Notes the Reuters Screen SONIA Page (or any replacement thereto);

5.4 Determination of Rates of Interest and Interest Amounts

(a) The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date but in no event later than the third Business Day thereafter, determine the amount (the **Interest Amounts**) in respect of the Class A Notes, payable in respect of interest on the Principal Amount Outstanding of the Class A Notes for the relevant Interest Period.

(b) The Interest Amounts shall be determined by applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure downwards to the nearest penny.

(c) With respect to the Subordinated Note, the Dematerialised Note Registrar will determine the Interest Amount in respect of the Subordinated Note as described above in this Condition 5.4 and in accordance with Condition 5.4(a) above.

5.5 Publication of Rates of Interest and Interest Amounts

The Agent Bank shall cause the Rates of Interest and the Interest Amounts for each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Dematerialised Note Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Class A Notes are at the relevant time listed and to be published as soon as possible after their determination and in no event later than the second Business Day thereafter. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

5.6 Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Agent Bank, the Cash Manager or the Note Trustee, will (in the absence of wilful default, gross negligence, or fraud) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, the Dematerialised Note Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence, or fraud) no liability to the Issuer or the Noteholders shall attach to the Cash Manager, the Agent Bank, the Dematerialised Note Registrar or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 5.

5.7 Agent Bank

The Issuer shall procure that, so long as the Class A Notes remain outstanding, there is at all times an Agent Bank for the purposes of the Class A Notes and the Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rates of Interest and the Interest Amounts for any Interest Period, the Issuer shall, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. Subject to the detailed provisions of the Agency Agreement, the Agent Bank may not resign its duties or be removed without a successor having been appointed.

5.8 Determinations and Reconciliation

(a) In the event that the Cash Manager does not receive all three Servicer Reports due during a Collection Period (the **Determination Period**), then the Cash Manager may use the Servicer Reports in respect of the three most recent Monthly Periods (or, where there are not at least three such previous Servicer Reports, any previous such Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 5.8. If and when the Cash Manager ultimately receives the Servicer Report relating to the relevant Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 5.8(c). Any: (i) calculations properly done on the basis of such estimates in accordance with Conditions 5.8(b) and/or 5.8(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 Conditions 5.8(b) and/or 5.8(c), shall (in any case) be deemed to be done, in accordance with the provisions of the Transaction Documents and 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) In respect of any Determination Period the Cash Manager shall:

(i) determine the Interest Determination Ratio by reference to the three most recent Servicer Reports (or, where there are not at least three such previous Servicer Reports, any previous such Servicer Reports);

(ii) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the **Calculated Revenue Receipts**); and

(iii) calculate the Principal Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) 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 5.8(b)(i) 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 (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Principal Receipts (with a corresponding debit of the Revenue Ledger); and

(ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal 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 Security Trustee of such Reconciliation Amount.

(d) In this Condition 5.8, the expression:

Interest Determination Ratio means (i) the aggregate Revenue Receipts calculated in the three previous Servicer Reports (or where there are not at least three previous such Servicer Reports, the relevant previous Servicer Reports used by the Cash Manager pursuant to Condition 5.8(b)(i)) divided by (ii) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Servicer Reports;

Reconciliation Amount means, in respect of any Collection Period which is a Determination Period:

(i) the actual Principal Receipts as determined in accordance with the available Servicer Reports,

(ii) *less* the Calculated Principal Receipts in respect of such Collection Period,

(iii) *plus* any Reconciliation Amount not applied in previous Collection Periods; and

Servicer Report means a report to be provided by the Servicer on or prior to the 20th day (or the following Business Day) of each month and detailing, *inter alia*, the information relating to the Portfolio necessary to produce among other things, the UK Investor Reports, the EU Investor Report and the Bank of England Quarterly Report.

6. PAYMENTS

6.1 Payment of Interest and Principal

Payments in respect of principal, premium (if any) and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) for such purpose, subject, in the case of any Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in such Temporary Global Note. Each payment of principal, premium or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers and reflect such customers' interest in the Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing System but any failure to make such entries shall not affect the discharge referred to above.

6.2 Laws and Regulations

Payments of principal and interest in respect of the Notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to FATCA. Noteholders will not be charged commissions or expenses on payments.

6.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 5.1 (*Interest Accrual*) and Conditions 5.3(a) and 5.3(b) (*Rate of Interest*) will be paid, in respect of a Global Note, as described in Condition 6.1 (*Payment of Interest and Principal*) above and, in respect of any Definitive Note, in accordance with this Condition 6.

6.4 Change of Paying Agents

Subject to the detailed provisions of the Agency Agreement, the Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Dematerialised Note Registrar and to appoint additional or other agents provided that:

(a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent; and

(b) there will at all times be at least one Paying Agent (who may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 calendar days and no less than 15 calendar days of any change in or addition to the Paying Agents or the Dematerialised Note Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

6.5 No Payment on non-Business Day

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 6.5, the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

6.6 Partial Payment

If the Dematerialised Note Registrar (in respect of the Subordinated Note) makes a partial payment in respect of the Subordinated Note, the Dematerialised Note Registrar will, in respect of the Subordinated Note, annotate the Dematerialised Note Register, indicating the amount and date of such payment.

6.7 Subordinated Note

Payments in respect of principal, premium (if any) and interest in respect of the Subordinated Note will be made only to the Subordinated Noteholder. Each payment of principal, premium or interest made in respect of the Subordinated Note will be recorded by the Dematerialised Note Registrar in the Dematerialised Note Register and, absent manifest errors, such records shall be prima facie evidence that the payment in question has been made.

6.8 Payment of Interest

If interest is not paid in respect of the Subordinated Note on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 6.5 (*No Payment on non-Business Day*))) or by reason of non-compliance by the Noteholder with Condition 6.1 (*Payment of Interest and Principal*) or where interest is deferred in accordance with Condition 16 (*Subordination by Deferral*), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Subordinated Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 15 (*Notice to Noteholders*).

7. REDEMPTION

7.1 Final Redemption

Unless previously redeemed in full as provided in this Condition 7, the Issuer shall redeem each Class of Notes at their then Principal Amount Outstanding together with all accrued interest on the Final Legal Maturity Date in respect of such Class of Notes.

The Issuer may not redeem the Notes in whole or in part prior to those respective dates except as provided in Conditions 7.2 (*Mandatory Redemption of the Notes in Part*), 7.3 (*Optional Redemption of the Class A Notes*) and 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) below, but without prejudice to Condition 10 (*Events of Default*).

7.2 Mandatory Redemption of the Notes in Part

On each Interest Payment Date, other than an Interest Payment Date on which the Notes are to be redeemed under Conditions 7.1 (*Final Redemption*), 7.3 (*Optional Redemption of the Class A Notes*) or 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), the Issuer shall repay principal in respect of the Notes on each Interest Payment Date as follows:

(a) prior to the occurrence of the Revolving Period End Date, the Issuer (or the Cash Manager on the Issuer's behalf) shall repay principal in respect of the Class A Notes by applying the Available Principal Receipts available to it on such Interest Payment Date in accordance with and subject to paragraph (a) of the Pre-Enforcement Principal Priority of Payments, *provided that* in respect of any payment to be made in accordance with paragraph (a)(ii) of the Pre-Enforcement Principal Priority of Payments, the Issuer shall pay an amount equal to the lesser of:

(i) the amount required to reduce the Principal Amount Outstanding of the Class A Notes to the target principal balance set out alongside the relevant Interest Payment Date in the Class A principal payment schedule (the **Class A Principal Payment Schedule**) set out in the Appendix to these Conditions (such amount, the **Class A Target Amortisation Amount**);

(ii) the amount of such Available Principal Receipts remaining to be applied under the Pre-Enforcement Principal Priority of Payments after payment of paragraphs (a)(i) thereunder;

(b) following the occurrence of the Revolving Period End Date, the amount of Available Principal Receipts available on such Interest Payment Date in respect of each of the Class A Notes and the Subordinated Note will be applied in accordance with and subject to paragraph (b) of the Pre-Enforcement Principal Priority of Payments or, as applicable, in the manner described in and subject to the Deed of Charge.

7.3 Optional Redemption of the Class A Notes

(a) On giving not more than 30 nor less than 10 calendar days' notice to (i) the Noteholders in accordance with Condition 15 (*Notice to Noteholders*), (ii) the Note Trustee, (iii) the Cash Manager and (iv) the Swap Providers, the Issuer may redeem, on any Optional Redemption Date, all (but not some only) of the Class A Notes on such Optional Redemption Date provided that:

(i) on or prior to the relevant Optional Redemption Date, no Note Acceleration Notice has been served;

(ii) the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Class A Notes on the relevant Optional Redemption Date and to discharge all other amounts required to be paid in priority to or *pari passu* with all the Class A Notes on such Optional Redemption Date and, as the case may be, on the immediately following Interest Payment Date (the **Optional Redemption Repayment Amount**) (such certification to be provided by way of certificate

signed by two directors of the Issuer) (and for the avoidance of doubt, the order of priority shall be as set out in the Pre-Enforcement Principal Priority of Payments and (as applicable) the Pre-Enforcement Revenue Priority of Payments); and

(iii) the **Optional Redemption Date** is (A) the Interest Payment Date falling in October 2029 or any Interest Payment Date thereafter or (B) any Interest Payment Date on which the aggregate Principal Amount Outstanding of all the Class A Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date.

(b) The Class A Notes redeemed pursuant to Condition 7.3(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the Class A Notes to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the Class A Notes up to, but excluding, the Optional Redemption Date.

7.4 Optional Redemption of the Class A Notes for Taxation or Other Reasons

If by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Class A Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Class A Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax (a **Tax Law Change**),

then the Issuer shall, if the same would avoid the effect of any Tax Law Change, appoint a Paying Agent in another jurisdiction or if the same would avoid the effect of any Tax Law Change, use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Class A Notes and the Trust Deed, provided that:

(i) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Class A Noteholders (and in making such determination, the Note Trustee may rely, without further investigation or inquiry, on confirmation from the Rating Agencies that such substitution will not have an adverse effect on the then current rating of the Class A Notes); and

(ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law, provided further that if any taxes referred to in this Condition 7.4 arise in connection with FATCA, the requirement to avoid the effect of any Tax Law Change shall not apply.

If the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that a Tax Law Change is continuing and 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, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 calendar days' notice to the Note Trustee, the Swap Providers, and the Class A Noteholders in accordance with Condition 15 (*Notice to Noteholders*), redeem all (but not some only) of the Class A Notes at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption provided that (in either case), prior to giving any such notice, the Issuer shall have provided to the Note Trustee (a) a certificate signed by two directors of the Issuer (i) stating that a Tax Law Change prevail(s), (ii) setting out details of such Tax Law Change and (iii) 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 Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer or the Paying Agents have or will become obliged to deduct or withhold amounts as a result of such change. The Note Trustee shall be entitled to accept such certificate and opinion as sufficient

evidence of the satisfaction of the circumstances set out in the paragraph immediately above, in which event they shall be conclusive and binding on all the Noteholders and the Secured Creditors.

The Issuer may only redeem the Class A Notes as described above if the Issuer has certified to the Note Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Class A Notes as aforesaid and any amounts required under the Pre-Enforcement Revenue Priority of Payments to be paid in priority to or *pari passu* with the relevant Class A Notes outstanding in accordance with the Conditions, such certification to be provided by way of a certificate signed by two directors of the Issuer.

7.5 Principal Amount Outstanding

The **Principal Amount Outstanding**:

(a) in respect of the Class A Notes, on any date shall be their original principal amount of £500,000,000 less the aggregate amount of all principal payments in respect of such Class A Notes which have been made since the Closing Date; and

(b) in respect of the Subordinated Note shall be, as at a particular day (the **Subordinated Note Balance Reference Date**), the total principal amount of all drawings under the Subordinated Note on and since the Closing Date less the aggregate amount of all principal payments in respect of such Subordinated Note which have been made since the Closing Date and not later than the Subordinated Note Balance Reference Date.

7.6 Notice of Redemption

Any such notice as is referred to in Condition 7.3 (*Optional Redemption of the Class A Notes*) or Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 7.3 (*Optional Redemption of the Class A Notes*) or Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

7.7 No Purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

7.8 Cancellation

All Notes (other than the Subordinated Note) redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

On each Interest Payment Date on which the Subordinated Note is redeemed pursuant to Condition 7.2 (*Mandatory Redemption of the Notes in Part*), the Dematerialised Note Registrar shall cancel the Subordinated Note in an amount equal to such mandatory redemption, thereby reducing the nominal principal amount of the Subordinated Note by an amount equal to such mandatory redemption.

The Subordinated Note will be cancelled when redeemed in full after the Subordinated Note Commitment Termination Date and may not be resold or re-issued once cancelled.

Subordinated Note Commitment Termination Date means the earlier of (i) the Final Legal Maturity Date, (ii) the date on which the Class A Notes are redeemed in full and (ii) the date of the service of a Note Acceleration Notice.

8. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), the Issuer or, as the case may be, the relevant Paying Agent or the Dematerialised Note Registrar shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer, the Dematerialised Note Registrar nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

9. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 9, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

10. EVENTS OF DEFAULT

10.1 Class A Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes then outstanding or if so directed by an Extraordinary Resolution of the Class A Notes shall, (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give a notice (a **Note Acceleration Notice**) to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed, in any of the following events (each, a **Senior Note Event of Default**):

(a) if default is made in the payment of any principal or interest due in respect of the Class A Notes or any of them and the default continues for a period of (i) 7 days in the case of principal or (ii) 14 days in the case of interest; or

(b) if 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 and (except in any case where the Note Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 calendar days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if any order is made by any competent court or any resolution is passed for the winding-up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved by Extraordinary Resolutions of the Class A Noteholders; or

(d) if the Issuer ceases or threatens to cease to carry on the whole or (in the opinion of the Note Trustee) a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by Extraordinary Resolutions of the Class A Noteholders, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or

(e) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, diligence, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer and (ii) in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 30 calendar days; or

(f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

Failure to pay an amount equal to the applicable Class A Target Amortisation Amount does not constitute an Event of Default.

The Note Trustee shall simultaneously send a copy of any Note Acceleration Notice it serves on the Issuer to the Swap Providers, provided failure to send such copy shall not invalidate any Note Acceleration Notice.

10.2 Subordinated Note

This Condition 10.2 shall not apply as long as the Class A Notes remain outstanding. Subject thereto, for so long as the Subordinated Note is outstanding, the Note Trustee shall if so directed by the sole Subordinated Noteholder, (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give a Note Acceleration Notice to the Issuer in any of the following events (each, a **Subordinated Note Event of Default** and, together with each Senior Note Event of Default, an **Event of Default**):

(a) if default is made in the payment of any principal or interest due in respect of the Subordinated Note and the default continues for a period of seven days in the case of principal or 14 days in the case of interest; or

(b) if any of the Events of Default referred to in Condition 10.1(b) to 10.1(f) (inclusive) occurs with references, where applicable, to the Class A Noteholders being read as to the Subordinated Noteholder.

10.3 General

Upon the service of a Note Acceleration Notice by the Note Trustee in accordance with Condition 10.1 (*Class A Notes*) or 10.2 (*Subordinated Note*), all Classes of the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed.

11. ENFORCEMENT

11.1 General

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee)

the Notes or the Trust Deed (including these Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of a Note Acceleration Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

(a) subject in all cases to restrictions contained in the Trust Deed and the Deed of Charge to protect the interests of any higher ranking Class or Classes of Noteholders (including the provisions set out in Clause 10 and Schedule 4 of the Trust Deed), it shall have been so directed by an Extraordinary Resolution of the Class A Noteholders or so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes or, if there are no Class A Notes then outstanding, the holder of the Subordinated Note; and

(b) in all cases, it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

11.2 Preservation of Assets

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Class A Noteholders (and all persons ranking in priority to or *pro rata* and *pari passu* with the relevant Noteholders) or, once all of the Class A Noteholders have been repaid, to the Subordinated Noteholder (and all persons ranking in priority thereto or *pro rata* and *pari passu* therewith), or (b) the Note Trustee informs the Security Trustee that it is of the opinion (and the Note Trustee directs the Security Trustee accordingly), which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Note Trustee for the purpose of giving such advice), that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders or, once all of the Class A Noteholders have been repaid, to the Subordinated Noteholder (and all persons ranking in priority thereto or *pro rata* and *pari passu* therewith). The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Note Trustee shall be paid by the Issuer.

11.3 Limitations on Enforcement

No Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

Amounts available for distribution after enforcement of the Security shall be distributed in accordance with the terms of the Deed of Charge.

11.4 Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under the Deed of Charge (the **Charged Assets**). If:

(a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;

(b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and

(c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal, premium (if any) or interest),

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) or interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

12.2 An Extraordinary Resolution (other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the relevant affected Classes of Notes and subject to the more detailed provisions of the Trust Deed) passed at any meeting of the Class A Noteholders shall be binding on the Subordinated Noteholder irrespective of the effect upon them, subject to Condition 12.3 (*Quorum)*.

12.3 Quorum

(a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes, or, at any adjourned meeting, one or more persons being or representing a Noteholder of the relevant Class or Classes, whatever the aggregate Principal Amount Outstanding of the Notes of such Class or Classes held or represented by it or them.

(b) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of the Noteholders of any Class or Classes for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Notes; (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes; (iii) sanction a modification of the amount of principal payable, the rate of interest, any fee or margin due in respect of the Notes; (iv) sanction a modification of the method of calculating the amount payable in respect of the Notes on final redemption or Final Legal Maturity Date; (v) release or substitute the Security or any part thereof except in accordance with the Transaction Documents; (vi) except where provided for in the Transaction Documents, to sanction any exchange, conversion or substitution of the Notes; (vii) alter the currency in which payments under the Notes are to be made; (viii) alter the Priorities of Payments in relation to the Notes; (ix) sanction any scheme or proposal or substitution for the sale, conversion or cancellation of the Notes; (x) alter the quorum required at any meeting of the Noteholders or the majority required to pass an Extraordinary Resolution; or (xi) alter any of the provisions contained in this exception, (each a **Basic Terms Modification,** provided however for the purposes of this definition, any Base Rate Modification or Swap Rate Modification shall not constitute a Basic Terms Modification) shall be one or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding and any Extraordinary Resolution in respect of such a modification shall only be effective if duly passed at a meeting of the Noteholders of such Class or Classes.

The Trust Deed and the Deed of Charge contain similar provisions in relation to directions in writing from the Noteholders upon which the Note Trustee or, as the case may be, the Security Trustee is bound to act (subject where applicable to being indemnified and/or prefunded and/or secured to their satisfaction).

12.4 Modification

Other than in respect of a Basic Terms Modification, the Note Trustee may and may direct the Security Trustee to, at any time, agree with the Issuer and any other parties but without the consent of the Noteholders or the other Secured Creditors (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document):

(a) to any modification, or to any waiver or authorisation of any breach or proposed breach, of these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee is not materially prejudicial to the interests of the Noteholders of any Class; or

(b) to any modification to these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee is of a formal, minor or technical nature or to correct a manifest error,

provided that in respect of any modifications to any of the Transaction Documents to which a Swap Provider is not a party or any waivers granted in respect of such documents which, in either case, (in the opinion of the relevant Swap Provider, which shall be confirmed in writing within five Business Days of such Swap Provider receiving notice of such modifications or waiver from the Note Trustee and the Security Trustee prior to such modification or waiver) (I) would materially adversely affect (i) the amount, timing or priority of any payments or deliveries due from the Issuer to such Swap Provider, or from such Swap Provider, to the Issuer, or (ii) the validity of any security granted pursuant to the Transaction Documents; or any rights that the relevant Swap Provider has in respect of such security (howsoever described, and including as a result of changing the nature or the scope of, or releasing, such security) or (II) is in respect of the relevant Swap Provider's rights under Condition 12.4 (Modification) or clause 21.1 of the Trust Deed, the prior written consent of that Swap Provider is required. The Issuer must obtain the consent of a Swap Provider to any modification to any Transaction Document to which that Swap Provider is a party.

12.5 Additional Right of Modification

Notwithstanding the provisions of Condition 12.4 (*Modification*), the Note Trustee and/or the Security Trustee (as the case may be) 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 or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification (provided that the amendments described in this Condition 12.5 shall not of themselves be regarded as Basic Terms Modifications)) to these 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 (in each case) considers necessary:

(a) in order to enable the Issuer to comply with any requirements which apply to it under UK EMIR, subject to receipt by the Note Trustee and the Security Trustee of a certificate issued by (i) the Issuer or (ii) the Cash Manager on behalf of the Issuer certifying to the Note Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under UK EMIR and have been drafted solely to that effect;

(b) for the purpose 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 in relation to any amendment under this Condition 12.5(b):

(i) the Issuer or the Cash Manager on behalf of the Issuer certifies in writing to the Note Trustee and the Security 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

(ii) in the case of any modification to a Transaction Document proposed by any of the Cash Manager, the Seller, the Servicer, the Issuer Account Bank, the Custodian, the Interest Rate Swap Provider and/or the Back-up Swap Provider (for the purposes of this Condition 12.5 only, each a **Relevant Party**) in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):

(A) the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in paragraph(s) 12.5(b)(ii)(x) and/or 12.5(b)(ii)(y) above;

(B) either:

1. the Issuer or Cash Manager (on behalf of the Issuer) obtains from each of the Rating Agencies a Ratings Confirmation and, if relevant, delivers a copy of each such confirmation to the Issuer, the Note Trustee and the Security Trustee; or

2. the Issuer or the Cash Manager on behalf of the Issuer certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed 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

(C) TSB Bank plc pays all costs and expenses (including legal fees) incurred by the Issuer and the Note Trustee and the Security Trustee or any other transaction party in connection with such modification;

(c) for the purpose of complying with any changes in the requirements of (i) Article 6 of the UK Securitisation Regulation, after the Closing Date, including as a result of the adoption of Regulatory Technical Standards in relation to the UK Securitisation Regulation, (ii) the UK CRR Amendment Regulation or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer (or the Cash Manager on its behalf) certifies to the Note Trustee and the Security 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 enabling the Notes to comply with the requirements of the UK Securitisation Regulation and EU Securitisation Regulation, including relating to compliance with UK STS Requirements and the treatment of the Notes as a simple, transparent and standardised securitisation, and any related regulatory technical standards authorised under the UK Securitisation Regulation provided that the Issuer (or the Cash Manager on its behalf) certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(e) for the purpose of enabling the Class A Notes to be (or to remain) listed on the London Stock Exchange, provided that the Issuer certifies to the Note Trustee and the Security 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, provided that the Issuer or the relevant transaction party, as applicable, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(g) for the purposes of enabling the Issuer or any of the other transaction parties to comply with the liquidity coverage requirement for Credit Institutions under the UK Capital Requirements Regulation and the UK LCR Regulation (and other liquidity coverage requirement required from time to time), provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(h) for the purpose of complying with any changes in the requirements of the UK CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA Regulation or regulations or official guidance in relation thereto,

provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or

(i) for the purposes of any modification to the provisions of Clauses 7.1(f) of the Mortgage Sale Agreement provided that the Seller has delivered a certificate to the Note Trustee and Security Trustee certifying that such amendment does not impact the designation of a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation) and such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by (i) the Issuer, (ii) the Cash Manager on behalf of the Issuer, (iii) the Seller, and/or (iv) the Relevant Party, as the case may be, pursuant to Conditions 12.5(a) to above being a Modification Certificate);

(j) for the purpose of changing the reference rate or the base rate that then applies in respect of any of the Notes to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate, which may include an alternative screen rate, an **Alternative Base Rate**) and making such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Servicer on its behalf) to facilitate such change (a **Base Rate Modification**), provided that the Issuer (or the Servicer on its behalf), certifies to the Note Trustee and the Security Trustee in writing (such certificate, a **Base Rate Modification Certificate**) that:

(i) such Base Rate Modification is being undertaken due to one of the following reasons (and not for any other reason):

(A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;

(B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;

(C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);

(D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);

(E) 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 an adverse manner, including with respect to the manner if calculating SONIA;

(F) public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; and/or

(G) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in sub-paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(ii) such Alternative Base Rate is:

(A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank or England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);

(B) a base 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 Base Rate Modification;

(C) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is TSB Bank or an affiliate thereof; or

(D) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines,

in each case, the change to the Alternative Base Rate will not, in the Issuer's or the Servicer's (acting on behalf of the Issuer) 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 Base Rate on more than one occasion provided that the conditions set out in this Condition 12.5(j) are satisfied; and

(k) for the purpose of changing the base rate that then applies in respect of a Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgement of the Issuer (or the Servicer on its behalf) and the relevant Swap Provider solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of a Swap Agreement to the base rate of the Notes following such Base Rate Modification (a **Swap Rate Modification**), provided that the Servicer, on behalf of the Issuer, certifies to the Note Trustee and the Security 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**),

provided that:

(i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;

(ii) the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect; and

(iii) the consent of each Secured Creditor which is party to the relevant Transaction Document or whose ranking in any Priority of Payments is affected has been obtained;

and provided further that, other than in the case of a modification pursuant to Condition 12.5(a) and Condition 12.5(k) above:

(A) other than in the case of a modification pursuant to Condition 12.5(b)(ii) above, either:

(I) the Issuer or Cash Manager (on behalf of the Issuer) obtains from each of the Rating Agencies a Ratings Confirmation; or

(II) the Issuer or the Cash Manager on behalf of the Issuer certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have

been informed 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

(B) the Issuer certifies in writing to the Note Trustee and the Security Trustee that (I) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 15 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Controlling Class have not contacted the Issuer 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 that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Controlling Class have notified the Issuer 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 Controlling Class is passed in favour of such modification in accordance with Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

12.6 In respect of Condition 12.5 (Additional Right of Modification) or any Transaction Document:

(a) when implementing any modification pursuant to Condition 12.5 (*Additional Right of Modification*), neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person, or whether or not such modification constitutes a Basic Terms Modification, and the Note Trustee and the Security Trustee shall act and rely solely and without further investigation on any certificate or evidence provided to them by the Issuer or the relevant transaction party, as the case may be, pursuant to Condition 12.5 (*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 or constitutes or may constitute a Basic Terms Modification; and

(b) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee or the Security Trustee (as applicable) would have the effect of (i) exposing the Note Trustee or the Security Trustee to any liability against which is has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee or the Security Trustee in the Transaction Documents and/or these Conditions.

12.7 The Note Trustee may, and may direct the Security Trustee to, without the consent or sanction of the Noteholders or the other Secured Creditors, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders of any Class, waive or authorise any breach or proposed breach or determine that an Event of Default shall not, or shall not subject to specified conditions, be treated as such provided that the Note Trustee shall not exercise any power conferred on it in contravention of any express direction given by Extraordinary Resolution or by a direction

under Condition 10 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

12.8 Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified by the Issuer as soon as practicable thereafter to:

(a) so long as the Class A Notes remain outstanding, each Rating Agency;

(b) the Secured Creditors; and

(c) the Noteholders in accordance with Condition 15 (*Notice to Noteholders*). In connection with any such substitution of principal debtor referred to in Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

12.9 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee may in its absolute discretion, among other things, have regard to whether the Rating Agencies have confirmed in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current rating of the Class A Notes. Notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to take into account that each of the Rating Agencies have confirmed that the then current rating of the Notes would not be adversely affected, it is agreed that this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

12.10 Where, in connection with the exercise or performance by the Note Trustee or the Security Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to herein), each of the Note Trustee and the Security Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall have regard to the general interests of the Noteholders of such Class or Classes as a Class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Note Trustee and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, the Note Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

12.11 **Extraordinary Resolution** means in respect of the Class A Noteholders (as applicable):

(a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than 75 per cent. of the votes cast; or

(b) (i) a resolution in writing signed by or on behalf of the Noteholders of not less than 75 per cent. in aggregate Principal Amount Outstanding of any Class of the Notes then outstanding 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 Noteholders of such Class (a **Written Resolution**), or (ii) where the Notes are held on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer or the Note Trustee (as the case may be) given by way of

electronic consents communicated through the electronic communication systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than three-quarters in aggregate Principal Amount Outstanding of the Notes then outstanding (**Electronic Consent**).

A Written Resolution and/or an Electronic Consent, shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Class A Notes duly convened and held. Such a Written Resolution and/or Electronic Consent will be binding on all holders of Class A Notes whether or not they participated in such Written Resolution and/or Electronic Consent.

12.12 Issuer Substitution Condition

The Note Trustee may concur with the Issuer, subject to such amendment of these Conditions and of any of the Transaction Documents and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 4 (*Covenants*). In the case of a substitution pursuant to this Condition 12.12, the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or secured and/or prefunded to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. REPLACEMENT OF NOTES

If any Class A Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Class A Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer or the Principal Paying Agent may reasonably require. A mutilated or defaced Class A Note must be surrendered before a new one will be issued.

15. NOTICE TO NOTEHOLDERS

15.1 Publication of Notice

(a) Subject to paragraph (b) below, all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of the London Stock Exchange (which includes delivering a copy of such notice to the London Stock Exchange) and any such notice will be deemed to have been given on the date sent to the London Stock Exchange. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Note Trustee may approve. The holders of any coupons will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph (a).

(b) Whilst the Class A Notes are represented by a Global Note, notices to Noteholders (other than the Subordinated Noteholder) will be valid if published as described above, or, at the option of the Issuer, if submitted to the relevant Clearing System for communication by them to Noteholders (other than the Subordinated Noteholder). Any notice delivered to a Clearing System, as aforesaid, shall be deemed to have been given on the day of such delivery.

(c) In respect of the Subordinated Note, notices will be sent to the Subordinated Noteholder by the Issuer to the fax number or email address notified to the Issuer from time to time in writing.

(d) The Issuer shall simultaneously send a copy of any notice it serves on Noteholders to the Swap Providers, provided failure to send such copy shall not invalidate such notice.

15.2 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Class A Notes are then listed, quoted and/or traded and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

16. SUBORDINATION BY DEFERRAL

16.1 Interest

(a) If, on any Interest Payment Date whilst any of the Class A Notes remain outstanding prior to the service of a Note Acceleration Notice, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 16, include any interest previously deferred under this Condition 16.1 and any accrued Additional Interest thereon) payable in respect of the Subordinated Note after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest in respect of the Subordinated Note to the extent only of any insufficiency of funds (only after having paid or provided for all amounts specified as having a higher priority in the Pre-Enforcement Revenue Priority of Payments than interest payable in respect of the Subordinated Note).

(b) Any interest deferred in respect of the Subordinated Note under this Condition 16.1 shall be referred to as **Deferred Interest**.

16.2 General

Any amounts of Deferred Interest in respect of the Subordinated Note shall accrue interest (**Additional Interest**) at the same rate and on the same basis as scheduled interest in respect of the Subordinated Note, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 16.1 (*Interest*) applies) or on such earlier date as the Subordinated Note becomes due and repayable in full in accordance with these Conditions.

16.3 Notification

As soon as practicable after becoming aware but no later than 5 Business Days prior to any Interest Payment Date that any part of a payment of interest on the Subordinated Note will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the Subordinated Noteholder in accordance with Condition 15 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 16 will not constitute an Event of Default. The provisions of this Condition 16 shall cease to apply on the Final Legal Maturity Date, or any earlier date on which the Notes are redeemed in full or required to be redeemed in full at which time all deferred interest and accrued Additional Interest thereon shall become due and payable.

17. INCREASING THE PRINCIPAL AMOUNT OUTSTANDING OF THE SUBORDINATED NOTE

(a) If the Issuer (or the Cash Manager on behalf of the Issuer) receives a notice from the Seller prior to the Subordinated Note Commitment Termination Date notifying the Issuer: that there are (A) insufficient funds to pay in full the aggregate New Portfolio Purchase Price due on any Sale Date or (B) amounts remaining to the debit of the New Portfolio Purchase Price Ledger following the application of the Pre-Enforcement Principal Priority of Payment on an Interest Payment Date (in each case, a **New Portfolio Purchase Price Shortfall Amount**) and/or (C) the Cash Manager has determined (on behalf of the Issuer) on a Calculation Date that there has arisen a Class A Shortfall Amount in respect of the Available Principal Receipts available to be applied in accordance with the Pre-Enforcement Principal Priority of Payments on the immediately following Interest Payment Date, the Issuer (or the Cash Manager on its behalf) shall notify (by serving a Notice of Increase) the holder of the Subordinated Note (the **Subordinated Noteholder**) requesting that such Subordinated Noteholder further fund the Subordinated Note on the next following Monthly Pool Date, Interest Payment Date or other Business Day specified in the Notice of Increase in an amount equal to:

(i) in respect of A and B above, the applicable New Portfolio Purchase Price Shortfall Amount; or

(ii) in respect of (C) above, the applicable Class A Shortfall Amount.

(b) The Subordinated Noteholder, upon receipt of such a notice from the Issuer or the Cash Manager (on behalf of the Issuer) prior to the Subordinated Note Commitment Termination Date requesting that the relevant Subordinated Noteholder further fund the Subordinated Note, may in its sole discretion notify the Issuer that the relevant Subordinated Noteholder is prepared to make such further funding (the **Further Subordinated Note Funding**), provided the relevant Subordinated Noteholder shall not be obliged to make any such further funding unless and until such time as the Issuer has complied with the requirements of Condition 17(c) below.

(c) The Subordinated Noteholder shall advance the amount of such Further Subordinated Note Funding, to the Issuer for value on the relevant Monthly Pool Date or other Business Day specified in the Notice of Increase, if the following conditions are satisfied:

(i) not later than 2.00 p.m. four Business Days prior to the proposed date for the making of such Further Subordinated Note Funding (or such lesser time as may be agreed by the Subordinated Noteholder), the Subordinated Noteholder has received from the Issuer a completed and irrevocable Notice of Increase therefor, receipt of which shall oblige the Subordinated Noteholder to accept the amount of the Further Subordinated Note Funding, therein requested on the date therein stated upon the terms and subject to the conditions contained therein;

(ii) either:

(A) the Issuer confirms in the Notice of Increase that no Event of Default has occurred or will occur as a result of the Further Subordinated Note Funding; or

(B) the relevant Noteholder agrees in writing (notwithstanding any matter mentioned at paragraph (ii)(A) above) to make such Further Subordinated Note Funding available; and

(iii) the proposed date of such Further Subordinated Note Funding falls on a Business Day prior to the Subordinated Note Commitment Termination Date.

In this Condition 17, the expression:

Notice of Increase means a notice delivered by the Issuer or the Cash Manager on its behalf to the Subordinated Noteholder, substantially in the form set out in the Trust Deed.

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 Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the relevant Rating Agencies that the then current ratings of the Class A Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a **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 Note Trustee and the Security Trustee) and:

(a) (i) 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 (ii) within 30 calendar 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

(b) 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 Cash Manager on behalf of the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in paragraphs (a)(i) or (ii) and (b) above has occurred, following the delivery by or on behalf of the Issuer of a written request to each Rating Agency.

18.3 The Note Trustee and the Security Trustee shall be entitled to rely without liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to this Condition 18. The Note Trustee and the Security Trustee shall not be required to investigate any action taken by the Issuer or such Non-Responsive Rating Agency and shall treat the applicable condition or requirement to receive a Ratings Confirmation or response from each Rating Agency as having been modified with the consent of all Noteholders and all parties to the relevant Transaction Documents so that there shall be no requirement for such Ratings Confirmation or response from the Non-Responsive Rating Agency.

19. GOVERNING LAW

The Trust Deed, the Deed of Charge, the Notes and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

APPENDIX 1

CLASS A TARGET PRINCIPAL PAYMENT SCHEDULE

Interest Payment Date falling in	Class A Target Principal Amount (£)
October 2024	495,000,000
January 2025	490,000,000
April 2025	485,000,000
July 2025	480,000,000
October 2025	475,000,000
January 2026	470,000,000
April 2026	457,000,000
July 2026	444,000,000
October 2026	431,000,000
January 2027	418,000,000
April 2027	405,000,000
July 2027	392,000,000
October 2027	379,000,000
January 2028	366,000,000
April 2028	359,500,000
July 2028	353,000,000
October 2028	346,500,000
January 2029	340,000,000
April 2029	333,500,000
July 2029	327,000,000

USE OF PROCEEDS

The Issuer will use the gross proceeds of the Notes to pay (i) the Initial Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date and (ii) certain fees, costs and expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date.

The Issuer will use the proceeds of the Start-Up Loan to: (a) pay for certain of the Issuer's initial fees and expenses incurred in connection with the issue of the Notes; and (b) establish the Liquidity Reserve Fund in an amount equal to the Initial Liquidity Reserve Fund Required Amount.

The Issuer will use the proceeds of advances granted under the Start-Up Loan following the Closing Date to: (a) supplement the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount; and (b) be applied as Available Revenue Receipts to be applied under the Pre-Enforcement Revenue Priority of Payments.

In the event that a Subordinated Note Drawing is made, the Issuer will use the proceeds of such drawing:

(a) to supplement the New Portfolio Purchase Price Ledger to pay in full the aggregate New Portfolio Purchase Price; or

(b) supplement the Principal Ledger with an amount equal to any applicable Class A Shortfall Amount for such amount to be applied as Available Principal Receipts on the relevant Interest Payment Date.

RATINGS

The Class A Notes, on issue, are expected to be assigned the following ratings by Moody's and Fitch. The Subordinated Note will not be rated. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgement, circumstances (including, without limitation, a reduction in the credit rating of the Issuer Account Bank, the Custodian, the Interest Rate Swap Provider or the Back-up Swap Provider in the future) so warrant.

Class of Notes	Moody's	Fitch
Class A Notes	Aaa (sf)	AAA sf
Subordinated Note	Not Rated	Not Rated

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom and is registered under the UK CRA Regulation. The ratings issued by the Rating Agencies have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the EU and registered under the EU CRA Regulation. As such, each of the Rating Agencies is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) (this website and the contents thereof do not form part of this Prospectus) and by the FCA on its website (at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras) (this website and the contents thereof do not form part of this Prospectus). In general, European and United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the United Kingdom (as applicable) and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable).

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 7 February 2024 (registered number 15473385) as 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 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, being 49,999 shares of £1 each, partly-paid up in cash of 25p each and 1 fully paid share of £1, all of which are beneficially owned by Holdings. See "*Holdings*" below.

The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The principal objects of the Issuer are set out in its Articles of Association and are, *inter alia*, to carry on business as a general commercial company. The Issuer was established as a special purpose entity for the purpose of, *inter alia*, issuing the Notes and using the gross proceeds from the sale of the Notes to acquire the Initial Portfolio and using certain Available Funds to acquire, from time to time, any New Portfolios from the Seller. The activities of the Issuer are restricted by its Memorandum and Articles of Association and the Transaction Documents and are limited to the issue of the Notes, the exercise of related rights and powers and other activities referred to herein or reasonably incidental thereto. Except for the purpose of hedging interest-rate or currency risk, the Issuer will not enter into derivative contracts, for purposes of Article 21(2) of the UK Securitisation Regulation.

Under the Companies Act 2006 (as amended), the Issuer's governing documents, including its principal objects, may be altered by a special resolution of shareholders.

In accordance with the Corporate Services Agreement, the Corporate Services Provider provides to the Issuer certain directors, a registered and administrative office, the arrangement of meetings of directors and shareholders and procures the service of a company secretary. No remuneration other than as provided for under the Corporate Services Agreement is paid by the Issuer to or in respect of any director or officer of the Issuer for acting as such.

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. The Issuer, as necessary, has made the information filing and fee payment under the Data Protection (Charges and Information) Regulations 2018. As at the date of this Prospectus, statutory accounts have not yet 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 2024

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the Liquidity Reserve Fund Ledger and the Issuer Profit Ledger).

Directors

The directors of the Issuer and their respective business addresses and occupations are:

Name	Business Address	Business Occupation
CSC Directors (No. 1) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director

Name	Business Address	Business Occupation
CSC Directors (No. 2) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
Catherine Mary Elizabeth McGrath	10th Floor, 5 Churchill Place, London E14 5HU	Director

The directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited and their principal activities are as follows:

Name	Business Address	Principal Activities
Alasdair Watson	10th Floor, 5 Churchill Place, London E14 5HU	Director
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU	Director
Catherine McGrath	10th Floor, 5 Churchill Place, London E14 5HU	Director
Charmaine de Castro	10th Floor, 5 Churchill Place, London E14 5HU	Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU	Director
Helena Whitaker	10th Floor, 5 Churchill Place, London E14 5HU	Director
John Paul Nowacki	10th Floor, 5 Churchill Place, London E14 5HU	Director
Jonathan Hanly	3rd Floor, Fleming Court, Fleming's Place, Dublin 4, Ireland	Director
Jordina Walker	10th Floor, 5 Churchill Place, London E14 5HU	Director
Oskari Tammenmaa	10th Floor, 5 Churchill Place, London E14 5HU	Director
Raheel Khan	10th Floor, 5 Churchill Place, London E14 5HU	Director
Renda Manyika	10th Floor, 5 Churchill Place, London E14 5HU	Director

The business address of each of the directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited is 10th Floor, 5 Churchill Place, London E14 5HU, save for Jonathan Hanly whose business address is 3rd Floor, Fleming Court, Fleming's Place, Dublin 4, Ireland.

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.

As at the date of this Prospectus, the Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) other than as described in this Prospectus.

The Issuer has no employees.

HOLDINGS

Introduction

Holdings was incorporated in England and Wales on 7 February 2024 (registered number 15471193) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 10th Floor, 5 Churchill Place, London E14 5HU. The telephone number of Holdings' registered office is +44 (0) 203 855 0285. The issued share capital of Holdings comprises 1 ordinary share of £1. CSC Corporate Services (UK) Limited (the **Share Trustee**) holds the entire beneficial interest in the issued share of Holdings under a discretionary trust for discretionary purposes. Holdings holds the entire beneficial interest in the issued share capital of the Issuer, it has no other subsidiaries.

The principal objects of Holdings are set out in its Articles of Association and are, *inter alia*, to carry on business as a general commercial company.

Holdings has not engaged since its incorporation in any material activities other than those activities incidental to the authorisation and implementation of the 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. Except for the purpose of hedging interest-rate or currency risk, Holdings will not enter into derivative contracts, for purposes of Article 21(2) of the UK Securitisation Regulation.

Directors

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

Name	Business Address	Business Occupation
CSC Directors (No. 1) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
CSC Directors (No. 2) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
Catherine Mary Elizabeth McGrath	10th Floor, 5 Churchill Place, London E14 5HU	Director

The directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited and their respective occupations are:

Name	Business Address	Principal Activities
Alasdair Watson	10th Floor, 5 Churchill Place, London E14 5HU	Director
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU	Director
Catherine McGrath	10th Floor, 5 Churchill Place, London E14 5HU	Director
Charmaine de Castro	10th Floor, 5 Churchill Place, London E14 5HU	Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU	Director

Name	Business Address	Principal Activities
Helena Whitaker	10th Floor, 5 Churchill Place, London E14 5HU	Director
John Paul Nowacki	10th Floor, 5 Churchill Place, London E14 5HU	Director
Jonathan Hanly	3rd Floor, Fleming Court, Fleming's Place, Dublin 4, Ireland	Director
Jordina Walker	10th Floor, 5 Churchill Place, London E14 5HU	Director
Oskari Tammenmaa	10th Floor, 5 Churchill Place, London E14 5HU	Director
Raheel Khan	10th Floor, 5 Churchill Place, London E14 5HU	Director
Renda Manyika	10th Floor, 5 Churchill Place, London E14 5HU	Director

The business address of each of the directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited is 10th Floor, 5 Churchill Place, London E14 5HU, save for Jonathan Hanly whose business address is 3rd Floor, Fleming Court, Fleming's Place, Dublin 4, Ireland.

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

Holdings has not prepared audited financial statements up to the date of this Prospectus The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2024.

Holdings has no employees.

TSB BANK PLC AND TSB BANKING GROUP PLC

As at the date of this Prospectus, TSB Bank plc (**TSB Bank**) is the Seller, the Servicer, the Cash Manager, the Start-Up Loan Provider, the Collection Account Bank, the Dematerialised Note Registrar, the Subordinated Noteholder and the Interest Rate Swap Provider under the Transaction.

General

TSB Bank is domiciled in the UK. TSB Bank was incorporated and registered in Scotland on 24 September 1985 (registration number SC095237). TSB Bank's registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH, Scotland, telephone number +44 (0) 131 260 0264.

TBS Banking Group plc (**TSB Banking Group**) is the holding company of TSB Bank and was incorporated and registered in England and Wales on 31 January 2014 (registration number 08871766). TSB Banking Group's registered office is at 1st Floor, Barnett Way, Gloucester, United Kingdom, GL4 3DU, telephone number +44 (0) 20 7003 9001.

TSB Bank has (and, at the relevant times, Lloyds Bank plc had) significantly more than five years of experience in the origination, underwriting and servicing of mortgage loans similar to those included in the portfolio.

Background

In November 2009, Lloyds Banking Group announced that it had agreed the terms of a restructuring plan with the European Commission, including the divestment of a significant UK retail banking business (the business that is TSB Bank today) as part of the approval by the European Commission of the State aid granted to Lloyds Banking Group.

H.M. Treasury's financial support of Lloyds Banking Group during a period of unprecedented turbulence in the global financial markets in 2008 – 2009 was deemed by the European Commission to have constituted State aid. As a result, Lloyds Banking Group was required to dispose of a UK retail banking business meeting certain criteria, with the aim of bringing more competition to UK retail banking. The criteria to be met by the divestment business, included a minimum number of branches and their customers, a minimum share of the personal current account market in the UK and a specified proportion of Lloyds Banking Group's mortgage assets meeting certain quality thresholds.

Lloyds Banking Group chose to divest the TSB business by way of initial public offering and on 25 June 2014, the ordinary shares of TSB Banking Group were admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

On 20 March 2015, the boards of TSB Banking Group and Banco de Sabadell S.A. (**Sabadell**) announced that they had reached agreement on the terms of a recommended cash offer to be made by Sabadell for the entire issued share capital of TSB Banking Group. The acquisition of TSB Banking Group by Sabadell was completed on 30 June 2015 and the ordinary shares of TSB Banking Group were delisted.

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

BNY Mellon Corporate Trustee Services Limited will be appointed as Note Trustee for the Noteholders pursuant to the Trust Deed and will be appointed as Security Trustee for the Secured Creditors pursuant to the Deed of Charge.

BNY Mellon Corporate Trustee Services Limited was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2nd October, 2006 the Note Trustee and the Security Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on the 1st March, 2011 the Note Trustee and the Security Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

BNY Mellon Corporate Trustee Services Limited is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Note Trustee's and the Security Trustee's registered office and principal place of business is at 160 Queen Victoria Street, London EC4V 4LA.

Pursuant to the Trust Deed, the Note Trustee is required to take certain actions as described in "*Summary of the Key Transaction Documents — Trust Deed*" and "*Terms and Conditions of the Notes*". Pursuant to the Deed of Charge, the Security Trustee is required to take certain actions as described in "*Summary of the Key Transaction Documents — Deed of Charge*" and "*Terms and Conditions of the Notes*".

The Trustee will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties thereunder or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to any Noteholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Property and has no responsibility in relation to the legality, validity, sufficiency or enforceability of the Security and the Transaction Documents.

THE AGENT BANK AND THE PRINCIPAL PAYING AGENT

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240, Greenwich Street, New York, NY 10286, USA and having a branch registered in England and Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at 160 Queen Victoria Street, London EC4V 4LA.

The short term senior unsecured and unguaranteed obligations of the Bank of New York Mellon are, as at the date of this Prospectus, rated P-1 by Moody's and A-1 by Standard & Poor's and the Bank of New York Mellon has a short-term issuer default rating of F1- from Fitch. The long term senior unsecured and unguaranteed obligations of the Bank of New York Mellon are rated Aa2 by Moody's and AA- by Standard & Poor's and the Bank of New York Mellon has a long-term issuer default rating of AA+ from Fitch.

Pursuant to the Agency Agreement, the Agent Bank and the Principal Paying Agent are required to take certain actions as described in "*Summary of the Key Transaction Documents — Agency Agreement*".

THE BACK-UP SWAP PROVIDER

Lloyds Bank Corporate Markets plc ("**LBCM**", the "**Back-up Swap Provider**",) is a public limited company registered in England and Wales under number 10399850. LBCM's registered head office is at 25 Gresham Street, London, EC2V 7HN, United Kingdom. LBCM is authorised by the PRA and regulated by the FCA and the PRA. LBCM is a wholly owned subsidiary of Lloyds Banking Group plc.

THE CORPORATE SERVICES PROVIDER AND BACK-UP SERVICING FACILITATOR

CSC Capital Markets UK Limited (registered number 10780001), having its principal address at 10th Floor, 5 Churchill Place, London E14 5HU provides corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement and acts as the Back-Up Servicing Facilitator pursuant to the Cash Management Agreement and the Servicing Agreement.

CSC Capital Markets UK Limited has served and is currently serving as corporate service provider and back-up servicing facilitator for numerous securitisation transactions and programmes involving pools of mortgage loans. The Corporate Services Provider will be entitled to terminate its appointment under the Corporate Services Agreement on 30 calendar days' written notice to the Issuer, the Security Trustee and each other party to the Corporate Services Agreement, provided that a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

The Issuer or, following delivery of a Note Acceleration Notice, the Security Trustee can terminate the appointment of the Corporate Services Provider on 30 calendar days' written notice so long as a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

In addition, the appointment of the Corporate Services Provider may be terminated immediately upon notice in writing given by the Issuer or, following delivery of a Note Acceleration Notice, the Security Trustee if the Corporate Services Provider breaches its obligations under the terms of the Corporate Services Agreement and/or certain insolvency related events occur in relation to the Corporate Services Provider.

THE LOANS

The Provisional Portfolio

The following is a description of some of the characteristics of the Loans, including details of loan types, the underwriting process, lending criteria and selected statistical information.

The Seller selects the Loans for transfer into the Provisional Portfolio using a system containing defined data on each of the qualifying loans in the Seller's overall portfolio of loans available for selection. This system allows the setting of exclusion criteria, among others, corresponding to relevant Loan Warranties that the Seller makes in the Mortgage Sale Agreement in relation to the Loans. See "*Mortgage Sale Agreement — Representations and Warranties*". This system also allows a limit to be set on some criteria. Once the criteria have been determined, the system identifies all loans owned by the Seller that are consistent with the criteria. From this subset, loans are selected until the target balance for Loans has been reached, or the subset has been exhausted. After a pool of Loans is selected in this way, the constituent Loans are monitored so that they complied with the Loan Warranties on the Closing Date or comply with the Loan Warranties on the relevant Sale Date or Switch Date (as applicable).

The Initial Portfolio that will be sold to the Issuer on the Closing Date will be randomly selected from the Provisional Portfolio on the Closing Date. Unless otherwise indicated, the description that follows relates to types of loans that have been or could be sold to the Issuer, either as part of the Initial Portfolio selected on the Closing Date from the Provisional Portfolio or as a new Loan sold to the Issuer at a subsequent Sale Date. The Seller believes that the information in this Prospectus with respect to the Provisional Portfolio is representative of the characteristics of the Loans comprising the Portfolio that will be randomly selected on the Closing Date, although the portfolio averages and numerical data relating to the distribution of the Loans may vary within a range of plus or minus 5 per cent. The aggregate outstanding Current Balance of the Loans sold to the Issuer on the Closing Date may, however, vary by more than plus or minus 5 per cent. from the aggregate outstanding Current Balance of the Loans in the Provisional Portfolio.

The Seller may sell new Loans and their Related Security to the Issuer from time to time. The Seller reserves the right to amend its Lending Criteria and the Seller reserves the right to sell to the Issuer new Loans which are based upon mortgage terms which may be different from those upon which Loans forming the Provisional Portfolio are based. Those new Loans may include loans which are currently being offered to Borrowers which may or may not have some of the characteristics described here, but may also include loans with other characteristics that are not currently being offered to Borrowers or that have not yet been developed. All new Loans will be required to comply with the Loan Warranties set out in the Mortgage Sale Agreement on the applicable Sale Date. The material warranties in the Mortgage Sale Agreement to be given as at the Closing Date and on each Sale Date are described in this Prospectus. See "*Summary of the Key Transaction Documents — Mortgage Sale Agreement"* above.

There has been no revaluation of any Property for the purposes of the issuance of the Notes and the original valuations quoted are as at the date of the origination of the Loans.

Characteristics of the Loans

Repayment terms

Loans may combine one or more of the features listed in this section. Other customer incentives may be offered with the product including free valuations and payment of legal fees. Additional features such as payment holidays (temporary suspension of Monthly Payments) and the ability to make overpayments or underpayments are also available to most borrowers under certain circumstances. See "*— Overpayments and Underpayments*" and "*Servicing Procedures — Payment Holidays*" below.

Loans are typically repayable on one of the following bases:

- **Repayment Loan**: the Borrower makes Monthly Payments of both interest and principal so that, when the Loan matures, the full amount of the principal of the Loan will have been repaid;

- **Interest-Only Loan**: the Borrower makes Monthly Payments of interest but not of principal; when the Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum; and

- a combination of both these options.

In the case of either Repayment Loans or Interest-Only Loans, the required Monthly Payment may alter from month to month for various reasons, including changes in interest rates.

For Interest-Only Loans, because the principal is repaid in a lump sum at the maturity of the Loan, the borrower is required to have some repayment mechanism (such as an investment plan) which is intended to provide sufficient funds to repay the principal at the end of the term.

Principal prepayments may be made in whole or in part at any time during the term of a Loan, subject to the payment of any early repayment charges (as described in "*Early Repayment Charges*" below). A prepayment of the entire outstanding balance of a loan discharges the mortgage. Any prepayment in full must be made together with all Accrued Interest, arrears of interest, any unpaid expenses and any applicable repayment fee(s).

Various methods are available to Borrowers for making payments on the Loans, including:

- direct debit instruction from a bank or building society account,

- standing order from a bank or building society account; and

- payments made at TSB Bank branches.

Interest payments and interest rate setting

The Seller has responded to the competitive mortgage market by developing a range of products with special features that are used to attract new borrowers and retain existing customers. Interest on the Loans is charged on one of the following bases and the Seller is able to combine these to suit the requirements of the Borrower:

- **Fixed Rate Loans** are loans which are subject to a fixed rate of interest for a specified period of time, usually for 2, 3, 5, 7 or 10 years.

- **Tracker Rate Loans** are loans which are subject to a variable interest rate linked to the Bank of England Base Rate plus or minus a margin, either for an initial fixed period, at the end of an initial fixed rate period, or for the life of the loan. The percentage margin may be fixed for the entire tracker rate period or it may vary.

- **Discretionary Rate Loans** are loans subject to one of the Seller's Discretionary Rates, including the Homeowner Variable Rate, which is the Seller's current reversionary rate) and the Standard Variable Rate (which is the previous reversionary rate no longer available to new customers). The Seller may introduce other Discretionary Rates in the future. Discretionary Rates are currently only available to customers at the end of a fixed or tracker mortgage product.

The Discretionary Rate and some tracker rates may apply for the life of the Loan. Otherwise, each of the above rates is offered for a predetermined period, usually between 2 and 10 years, at the commencement of the Loan (the **Product Period**). At the end of the Product Period the rate of interest charged will either (a) move to some other interest rate type for a predetermined period or (b) revert to a Discretionary Rate. Discretionary Rates are administered, at the discretion of the Seller, by reference to changes to the cost of its lending to residential mortgage customers or changes to laws and regulations. The Standard Variable Rate is capped at 2.0 per cent. above the Bank of England Base Rate, for contracts pre-2013. Since 2013, residential mortgages revert to HVR. In certain instances, early repayment charges are payable by the Borrower if the Loan is redeemed within the Product Period. See "*Early Repayment Charges*" below.

All new lending features interest calculated on a daily basis, whereby any payment by the Borrower will immediately reduce the Borrower's balance on which interest will be calculated. Historically, mortgage products

had carried interest calculated on an annual basis. Borrowers with existing loans on which interest is calculated on an annual basis are able to change and have their interest calculated on a daily basis, subject to the terms and conditions of their existing loan and to the borrower entering into an agreement. If a Borrower with a loan on which annual interest is calculated wishes to take a further advance, the interest on the existing loan must be switched to a daily interest basis. TSB Bank does not normally permit a mix of daily and annual interest calculation on loans.

Except in limited circumstances as set out in "*Servicing Agreement — Setting of Interest Rates on the Loans*", the Servicer is responsible for setting the applicable Discretionary Rate on the Loans in the Portfolio as well as on any new Loans that are sold to the Issuer. Under the general loan conditions applicable to the Loans (the **Loan Conditions**), the Seller may change the interest rate at any time at its discretion subject to the provisions of the relevant Loan Conditions. If the Seller wishes to increase the interest rate, it must first give notice to the Borrower of the increase. The Borrower may then repay the Loan without paying interest at the increased rate, if the Borrower provides at least seven days' notice of the intention to repay, and no later than three months after the Seller gives the notice of the increase, the Borrower repays the Loan (or the part of it which is affected by the increase) together with any early repayment charge and any unpaid interest and expenses.

During the course of its mortgage origination business, the Seller has originated mortgage loans under a number of standard conditions which have been sequentially superseded by the **2021 Loan Conditions**. The 2021 Loan Conditions represent the current origination policy of the Seller and dictate the specified reasons to change the interest rate. The 2021 Loan Conditions set out the current policy of the Seller in this regard, such policy applying equally to the treatment of all mortgage loans of the Seller, regardless of the date of origination.

Early Repayment Charges

The Borrower may be required to pay an early repayment charge (the **Early Repayment Charge**), if certain events occur during the predetermined Product Period and the loan agreement states that the Borrower is liable for Early Repayment Charges and the Seller has not waived or revised its policy with regards to the payment of Early Repayment Charges. These events include a full or partial unscheduled repayment of principal, or an agreement between the Seller and the Borrower to switch to a different mortgage product. If all or part of the principal owed by the Borrower, other than the scheduled Monthly Payments, is repaid before the end of the Product Period, the Borrower will be liable to pay to the Seller a repayment fee based on a percentage of the amount repaid or switched to another product. If the Borrower has more than one product attached to the mortgage, the Borrower may choose under which product the principal should be allocated.

The Seller currently permits Borrowers to repay up to 10 per cent. of the loan balance each year (based on the loan balance as at a specified date of the year) without having to pay an Early Repayment Charge. If the mortgage is made up of more than one loan or part, each is treated separately so that if one or more of them has an early repayment, the Borrower can repay up to 10 per cent. on each without having to pay an Early Repayment Charge. For example, if the total mortgage is £60,000 made up of two loans of £30,000 and one of them carried an Early Repayment Charge, then the Borrower can repay up to £3,000 of that loan (i.e. 10 per cent.) without charge. If the Borrower repays £7,000 of it (more than 10 per cent.), then the Early Repayment Charge will apply but only to the amount the Borrower repays above 10 per cent. The Seller currently has a policy not to charge the Early Repayment Charge in certain circumstances, for example if the repayment is due to the death of the Borrower.

If the Borrower repays its mortgage during an Early Repayment Charge period to move house, the Borrower may not have to pay the charge if the Borrower takes out a new loan for the new home with the Seller, subject to certain qualifying criteria.

The Early Repayment Charge provisions may vary between products and may change from time to time. The Borrower may be given the right to repay early and may be given a larger repayment allowance in relation to some mortgage products.

Some mortgage products do not include any provisions for the payment of an Early Repayment Charge by the Borrower.

Overpayments and Underpayments

All loans are subject to a range of options, selected by the Borrower, that give the Borrower greater flexibility in the timing and amount of payments under each loan. The Loans may offer one or more of the features described below, subject to certain conditions and financial limits.

Overpayments – Borrowers may either increase their regular Monthly Payments above the normal Monthly Payment then applicable or make lump sum payments at any time.

If Borrowers pay more than the scheduled Monthly Payment, the balance on their mortgage loan will be reduced. The Seller will charge interest on the reduced balance, which reduces the amount of interest the Borrower must pay. The interest calculation will be performed immediately if the loan has interest calculated daily, or from the start of the next financial year if the loan has interest calculated annually.

Borrowers with interest calculated annually who make an Overpayment may choose whether such Overpayment is to be treated as a repayment of principal or as a credit to be carried forward against future scheduled instalments. If the Borrower elects for such Overpayment to be applied as a principal repayment then interest on the remaining principal outstanding balance of the loan is recalculated as from the date of receipt of such repayment. If the customer elects to apply such Overpayment towards scheduled instalments, interest is recalculated. In cases where a customer does not specify how any repayment they may make is to be applied, Overpayments of an amount of less than £1,000 are generally treated as credits towards scheduled instalments.

If Borrowers with daily calculations of interest pay more than the scheduled Monthly Payment, the balance on their mortgage loan will be reduced. The Seller will charge interest on the reduced balance, which reduces the amount of interest the Borrower must pay.

Any Overpayments may be applied by the Borrowers either towards repayment of principal or towards the repayment of their monthly repayment, as they may decide in line with the policies of the Seller described above.

Underpayments – where Borrowers have previously made an overpayment towards the repayment of their monthly repayment, they may reduce their Monthly Payments below the amount of the applicable Monthly Payment or make an irregular underpayment. Borrowers are not permitted to make Underpayments that exceed the total of previous Overpayments less the total of previous Underpayments.

Further Advances

If a Borrower wishes to take out a further loan secured by the same mortgage or standard security, the Borrower will need to make a Further Advance application and the Seller will use the lending criteria applicable to Further Advances at that time in determining whether to approve the application. The original mortgage deed or standard security is expressed to cover all amounts due under the relevant loan which would cover any Further Advance. All Further Advances require the postponement of any second charge or standard security.

Some Loans in the Initial Portfolio or in any New Portfolio may have Further Advances made on them prior to their being sold to the Issuer on the Closing Date or on the relevant Sale Date (as applicable).

The Seller shall repurchase on the Advance Date itself, any Loan and its Related Security in respect of which a Further Advance was made in accordance with the terms of the Mortgage Sale Agreement.

Product Switches

From time to time, Borrowers may request or the Servicer may send an offer of a variation in the financial terms and conditions applicable to the Borrower's loan. If a Loan is subject to a Product Switch as a result of a variation, then the Seller may be required to repurchase the Loan or Loans and their Related Security from the Issuer.

In certain circumstances, if the Seller is notified that a Borrower, following the making of the Loan, intends to let or sub-let their property, the Seller would note the fact on its records as a Product Switch.

Origination Channels

The Seller currently derives its mortgage-lending business from the following sources: branches, intermediaries, telephony and internet.

Once an application for a mortgage loan is received from a prospective new customer (through whichever origination channel) it is processed by the channel staff and the servicer's New Business Department. The details of the application are entered into the Servicer's relevant computer system, and arrangements are made to obtain such references and/or other proof of income, valuation, survey or other evidence of value (if any and as appropriate) that may be required by the Seller under its lending policy. A mortgage offer may then be issued to the prospective new customer and instructions are despatched to the relevant solicitor or licensed conveyancer to investigate title and issue a report on the same to the Seller. Once a satisfactory report on title has been received (if appropriate) and no other matters in relation to the application are outstanding, mortgage funds can be released to the solicitor or licensed conveyancer.

The Seller is subject to the FSMA, MCOB (and other FCA rules) and the Financial Ombudsman Service, which is a statutory scheme under the FSMA.

Underwriting

The Seller's underwriting approach 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 Seller adopts a system-based approach to lending assessments. This assessment is made with reference to three independent components:

(a) Credit score: calculation of propensity to default, based on a combination of customer supplied, internal performance and credit bureau data;

(b) Affordability: calculation of an individualised lending amount that reflects the applicant's income net of tax, credit commitments and assumed living expenses, which vary according to income, number of applicants and dependants; and

(c) Policy rules: a range of automated rules to decline applications outside lending criteria.

The lending system returns a decision categorised into "accept", "refer" and "decline". Where the decision is "refer" a manual assessment is undertaken. Mortgage underwriting decisions are subject to internal monitoring by the Seller, to ensure the Seller's procedures and policies regarding underwriting are being followed by staff.

Lending Criteria

On the Closing Date and on each Sale Date, the Seller shall represent, that each Loan being sold to the Issuer was originated according to the lending criteria of the Seller at the time the Loan was offered (the **Lending Criteria**), which included some or all of the criteria set out in this section, in all material respects, subject only to exceptions made on a case-by-case basis as would be acceptable to a Reasonable Prudent Mortgage Lender. New Loans may only be included in the Portfolio and sold to the Issuer if they are originated in accordance with the lending criteria applicable at the time the loan is offered and if the conditions set out in "*Mortgage Sale Agreement — New Portfolios*" have been satisfied. However, the Seller retains the right to revise its lending criteria from time to time, so the criteria applicable to new Loans may not be the same as those currently used.

Some of the factors currently used in making a lending decision are as follows:

1. Type of property

Properties may be either freehold or the Scottish equivalent, or leasehold or commonhold. In the case of leasehold properties, there must be at least 70 years left on the lease (123 years for all new build properties) at the inception of the mortgage. This can be overridden with relevant underwriting approval. The property must be used solely as a single residential dwelling, although second homes and holiday homes are considered. Properties must be of good quality, in sound structural condition and in a reasonable state of repair. House boats, mobile homes, and any property on which buildings insurance cannot be arranged are

not acceptable. All persons who are to be legal owners of the property on completion must be named as borrowers under the mortgage.

All Properties have either been valued by a valuer approved by the Seller or assessed using automated valuation models or other evidence, including the relevant Borrower's estimate of value, to the standards of a Reasonable Prudent Mortgage Lender (as referred to under "*Servicing Agreement — Undertakings by the Servicer*"). The valuations are made at the date of origination of the relevant Loan.

2. Term of loan

The maximum term on home purchase loans is generally 40 years (although longer terms have been granted on a case-by-case basis in exceptional cases only). A repayment period for a Further Advance that would extend beyond the term of the original advance may also be accepted at the Seller's discretion.

If the customer requests to increase the term of the existing loan, the maximum term for a repayment is generally 40 years from the date of the term change (or less if the borrower will be 75 before the end of the extended term).

3. Age of applicant

All Borrowers must be aged 18 or over. The mortgage term must normally end before the Borrower reaches the age of 75 (or 80 for buy to let). If the term of the mortgage exceeds the Borrower's anticipated retirement age, or the age of 70, the Seller will consider the Borrower's income in retirement. If the Seller determines the Borrower will not be able to afford the mortgage into retirement, the application will be declined.

4. Loan-to-value (or LTV) ratio

The maximum Original LTV offered for residential owner-occupied lending is 95 per cent., although higher LTV lending has historically been offered. Where fees are added to the loan, they may have taken the total lending over the specified LTV limit.

When the Seller makes a loan on a property which requires repairs, the loan will only be granted if the property is acceptable security in its existing condition.

5. Status of applicant(s)

Lending assessment is made using an automated decisioning system supported by a team of underwriters.

Employed applicant(s)

Owner occupied lending is assessed on current basic annual income, other income and future retirement income (where applicable).

Basic annual income consists of gross basic pay, car allowance, large town allowance, London weighting/cost-of-living supplement, private pension and flexible benefits. 100 per cent. of these items are used within the affordability calculation.

Other income includes overtime, bonus, commission payments, disability living allowance, maintenance payments and child benefit. As a general rule, less than 100 per cent. of these items may be used in the affordability calculation.

Underwriters have discretion to accept other income.

Self-employed Applicant(s)

Sole applicants who have 25 per cent. or more shareholding or joint applicants with a combined 25 per cent. or more shareholding will be treated as if self-employed.

Normally such applicants must have been self-employed for at least two years. Underwriters may accept less within their discretion.

Underwriters have discretion to accept other income.

6. Credit history

Credit search

A credit search is carried out in respect of all new applicants, including further lending. Applications may be declined where an adverse credit history (for example, county court judgment, Scottish court decree for payment, default or bankruptcy notice) is revealed or the score does not meet the required risk/reward trade-off.

7. Proof of income

Income verification can be obtained via various means, including payslips, bank statements, employers reference, accountants reference or Inland Revenue Self-Assessment forms for self-employed customers. The use of internal bank account data may also be used to verify income, subject to meeting criteria requirements.

Prior to the implementation of the Mortgage Market Review in 2014, the Seller waived income verification for certain customers, under the “fast track” process based upon the applicant’s credit score among other factors.

The Seller is proposing to introduce a new automatic income verification procedure. This would be provided by a third party, who would collate the relevant income information from customers and return it to the Seller.

8. Scorecard

The Seller uses some of the criteria described here and various other criteria to produce an overall score for the application that reflects a statistical analysis of the risk of advancing the loan. The lending policies and processes are determined centrally to ensure consistency in the management and monitoring of credit risk exposure. The process for credit scoring is fully automated, however if certain issues are raised by the process, the Seller may review these results and manually underwrite the loan. Credit scoring applies statistical analysis to relevant data to assess the likelihood of an account going into arrears.

The Seller reserves the right to decline an application that has received a passing score. The Seller does have an appeal process if a potential borrower believes his or her application has been unfairly denied. It is the Seller’s policy to allow only authorised individuals to exercise discretion in granting variances from the scorecard.

Changes to the Underwriting Policies and the Lending Criteria

The Seller’s underwriting policies and Lending Criteria are subject to change within the Seller’s sole discretion. New Loans that are originated under Lending Criteria that are different from the criteria set out here may be sold to the Issuer.

Any material changes from the seller’s prior underwriting policies and Lending Criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation.

The assessment of a Borrower’s creditworthiness is conducted in accordance with the Lending Criteria and, where appropriate, aims to meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.

Insurance Policies

Insurance on the Property

Each mortgaged property is required to be insured with buildings insurance. The insurance may be purchased by the Borrower or landlord or property management company (in the case of a leasehold property). If the Seller becomes aware that no adequate insurance is in place, it has the power to arrange insurance on the property and charge the premiums for this to the Borrower's mortgage account.

Subject as set out above, the Seller only insures a property once it has repossessed the property from a defaulting Borrower. See "— *Properties in Possession Cover*" below.

Borrower-arranged Buildings Insurance

The Seller currently sells home insurance policies of a third-party provider. A Borrower may elect not to take up such an insurance policy, or a Borrower who originally had such a policy may elect to insure the property with an independent insurer. The Seller requires that the Borrower maintains buildings insurance for the duration of the mortgage, with the sum insured to be not less than the full reinstatement value of the property. The Seller also requires that the Borrower inform the Seller of any damage to the property that occurs and that the Borrower must make a claim under the insurance for any damages covered by it unless the Borrower makes good the damage.

Properties in Possession Cover

When a mortgaged property is taken into possession by the Seller, the Seller takes the necessary actions to ensure that the property is placed on to its block properties in possession insurance policy so that appropriate insurance cover is provided on the property. The Seller may claim under this policy for any damage occurring to the property while in the Seller's possession, subject to policy terms and conditions.

The Seller has procured the agreement of Zurich to the inclusion of the Issuer as insured under the properties in possession cover from the Closing Date. To the extent that any insurance proceeds are received by the Servicer in relation to the Loans, it will agree to pay these into the Issuer Transaction Account.

In the Mortgage Sale Agreement, the Seller agrees to make and enforce claims under the relevant policies and to hold the proceeds of claims on trust for the Issuer or as the Issuer may direct.

Title Insurance

With the exception of some remortgage cases where title insurance is used to cover particular risks around leasehold property, the Seller currently only accepts title insurance in respect of certain limited title defects (e.g. restrictive covenants) and not *in lieu* of an investigation of title. This policy may change from time to time. There will be no Loans in the Portfolio in respect of which no investigation of title has been undertaken (other than where Loans were originated pursuant to certain remortgage practices within TSB Bank's lending policies, whether or not title insurance has been obtained).

Arrears Policy

The Seller identifies a Loan as being in arrears where an amount equal to or greater than £50 is past its due date and has not been paid by the Borrower. Once this amount has not been paid the customer will receive an initial arrears letter from the Seller. If the Borrower has not made at least one full contractual payment, the status of the account is reported to Credit Reporting Agencies.

The Seller will notify the relevant Borrower if such payments remain unpaid with a view to establishing the Borrower's circumstances and agreeing an arrangement to return the account to order, where possible. Arrears counselling may also be offered. Where a satisfactory arrangement cannot be reached or maintained, possession proceedings may be instigated to enable the Seller to enforce its security.

Other Characteristics

The Loans comprised in the Provisional Portfolio as at the Reference Date are homogeneous for purposes of Article 20(8) of the UK Securitisation Regulation, on the basis that all such Loans: (i) have been underwritten by TSB Bank (the Seller), or Lloyds Bank plc, as applicable, in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (ii) are repayment loans or Interest-Only Loans or a combination of both entered into substantially on the terms of similar standard documentation for residential mortgage loans; (iii) 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 such Loans; and (iv) form one asset category, namely residential loans secured with one or several mortgages on residential immovable property in England, Wales, and Scotland.

The Loans comprised in the Provisional Portfolio as at the Reference Date do not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the UK Securitisation Regulation, in each case on the basis that such Loans have been entered into substantially on the terms of similar standard documentation for residential mortgages loans. For purposes of Article 20(8) of the UK Securitisation Regulation, the Loans contain obligations that are in all material respects contractually binding and enforceable, with full recourse to Borrowers and, where applicable, guarantors, subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights. The Loans comprised in the Provisional Portfolio as at the Reference Date do not include: (A) at the time of origination any Loans that 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 for purposes of Article 20(10) of the UK Securitisation Regulation; or (B) at the time of selection for inclusion in the Provisional Portfolio any exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 for purposes of Article 20(11) of the UK Securitisation Regulation. The Loans comprised in the Provisional Portfolio (as at the Reference Date) will be transferred to the Issuer without undue delay after selection for inclusion in the Portfolio for purposes of Article 20(11) of the UK Securitisation Regulation.

Material Legal Aspects of the Loans

The following discussion is a summary of the material legal aspects of English and Scottish residential property loans and mortgages. It is not an exhaustive analysis of the relevant law. Each of the English Loans is governed by English law and each of the Scottish Loans is governed by Scottish law.

English loans

General

As at the Reference Date, 87.07 per cent. of the Loans comprised in the Provisional Portfolio are secured by an English Mortgage.

Each English loan will be secured by an English mortgage which has a first ranking priority over all other mortgages secured on the property and over all unsecured creditors of the borrower. Borrowers may create a subsequent mortgage or other secured interest over the relevant property without the consent of the Seller, though such other mortgage or interest will rank below the Seller's mortgage in priority.

Nature of property as security

There are two forms of title to land in England and Wales: registered and unregistered. Both systems of title can include both freehold and leasehold land.

Registered title

Title to registered land is registered at the Land Registry. Each parcel of land is given a unique title number. Prior to 13 October 2003, title to the land was established by a land certificate or (in the case of land which is subject to a mortgage or charge) charge certificate containing official copies of the entries on the register relating to that land, however, pursuant to the Land Registration Act 2002, which came into force on 13 October

2003, the provision of land certificates and charge certificates has now been abolished. Title to land and any mortgage is now established by reference to entries in His Majesty's Land Registry, which is held electronically so that no paper title document is issued.

There are four classes of registered title although generally only two of these (absolute and good leasehold) will be acceptable as good for mortgage purposes). A person registered with title absolute owns the land free from all interests other than those entered on the register and certain "overriding" interests (in the case of good leasehold title, ownership is also subject to any matters affecting freehold or leasehold title out of which the land is granted).

Title information documents provided by the Land Registry will reveal the present owner of the land, together with any legal charges and other interests affecting the land. However, the Land Registration Act 2002 provides that some interests in the land will bind the land even though they are not capable of registration at the Land Registry such as unregistered interests which override first registration and unregistered interests which override registered dispositions. The title information documents will also contain a plan indicating the location of the land. However, these plans may not be conclusive as to matters such as the precise location of boundaries.

Unregistered title

Since November 1997, all land in England and Wales has been subject to compulsory registration on the happening of any of a number of trigger events, which include the granting of a first legal mortgage. This means that, in the case of all mortgages granted since November 1997, the title to the property and the mortgage itself must (if not already done so) be registered.

Taking security over land

Where land is registered, a mortgagee must register its mortgage at the Land Registry in order to secure priority over any subsequent mortgagee. Prior to registration, the mortgage will take effect only as an equitable mortgage or charge. Priority of mortgages over registered land is governed by the date of registration of the mortgage rather than date of creation. However, a prospective mortgagee is able to obtain a priority period within which to register his mortgage by undertaking an official search which will afford a priority of approximately six weeks. If the mortgagee submits a proper application for registration during this period, its interest will take priority over any other mortgage application for registration which is received by the Land Registry during this period.

The absence of registration will risk loss of priority if a subsequent mortgage is registered, and will create difficulties in enforcing security in that it is usually necessary for registration to be effected in order to convey good title to a third party buyer. However, where a subsequent mortgagee gives notice of a further charge over the same property to a prior mortgagee, the priority of the prior mortgagee only extends to amounts advanced at or before the time such notice is received, unless the prior mortgagee is under a legal obligation to make further advances and that obligation is noted on the Land Registry.

The seller as mortgagee

The sale of the English Mortgages by the Seller to the Issuer will take effect in equity only. The Issuer will not apply to the Land Registry or the Central Land Charges Registry to register or record its equitable interest in the mortgages. The consequences of this are explained in "*Risk Factors — Risks related to the structure — Seller to Initially Retain Legal Title to the Loans*" above.

Enforcement of mortgages

If a borrower defaults under an English loan, the English mortgage conditions provide that all monies under the English loan will become immediately due and payable. The Seller or its successors or assigns would then be entitled to recover all outstanding principal, interest and fees under the covenant of the Borrower contained in the English Mortgage conditions to pay or repay those amounts. In addition, the Seller or its successors or assigns may enforce its English Mortgage in relation to the defaulted Loan. Enforcement may occur in a number of ways, including the following:

- The mortgagee may enter into possession of the property. If it does so, it does so in its own right and not as agent of the mortgagor, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property.

- The mortgagee may lease the property to third parties.

- The mortgagee may foreclose on the property. Under foreclosure procedures, the mortgagor's title to the property is extinguished so that the mortgagee becomes the owner of the property. The remedy is, because of procedural constraints, rarely used.

- The mortgagee may sell the property, subject to various duties to ensure that the mortgagee exercises proper care in relation to the sale. This power of sale arises under the Law of Property Act 1925. The purchaser of a property sold pursuant to a mortgagee's power of sale becomes the owner of the property.

A court order under section 126 of the CCA is necessary to enforce a land mortgage in certain circumstances as described under "*Information Relating to the Regulation of Mortgages in the UK*".

Scottish Loans

General

As at the Reference Date, 9.96 per cent. of the Loans comprised in the Provisional Portfolio are secured by a Scottish Mortgage.

A standard security is the only means of creating a fixed charge over heritable or long leasehold property in Scotland. Its form must comply with the requirements of the Conveyancing and Feudal Reform (Scotland) Act 1970 (the **1970 Act**). The standard security is granted by the grantor, who is usually the borrower and home-owner, over their property and is granted in favour of the heritable creditor who is usually the lender. Each Scottish Loan in relation to a Property located in Scotland will be secured by a standard security which has a first ranking priority over all other standard securities secured on the property and over all unsecured creditors of the borrower. If a Borrower of such a Scottish Loan (a **Scottish Borrower**) creates a subsequent standard security over the relevant Property in favour of a third party, upon intimation of that subsequent standard security to the Seller (in its capacity as trustee for the Issuer pursuant to the relevant Scottish Declaration of Trust granted by the Seller in favour of the Issuer), the prior ranking of the Seller's standard security would be restricted to security for advances made prior to such intimation, plus advances made subsequent to such intimation which the Seller is obliged to advance under the terms of the relevant Scottish Loan, plus interest and expenses in respect thereof.

The 1970 Act automatically imports a statutory set of "Standard Conditions" into all standard securities, although the majority of these may be varied by agreement between the parties. The Seller, along with most major lenders in the residential mortgage market in Scotland, has elected to vary the Standard Conditions by means of its own set of Scottish mortgage conditions, the terms of which are in turn imported into each standard security. The main provisions of the Standard Conditions which cannot be varied by agreement relate to enforcement, and in particular the notice and other procedures that require to be carried out as a preliminary to the exercise of the heritable creditor's rights on a default by the borrower.

Nature of Property as Security

While title to all land in Scotland is registered, there are currently two possible forms of registration, namely the Land Register of Scotland and General Register of Sasines. Both systems of registration can include both heritable (the Scottish equivalent to freehold) and long leasehold land.

Land Register of Scotland

This system of registration was originally established by the Land Registration (Scotland) Act 1979 and now applies to the whole of Scotland. Any sale of land (including a long leasehold interest in land) the title to which has not been registered in the Land Register of Scotland or the occurrence of certain other events in relation thereto triggers its registration in the Land Register of Scotland when it is given a unique title number. Title to

the land and the existence of any standard security over it are established by the entries on the Land Register of Scotland relating to that land. A person registered in the Land Register of Scotland owns the land free from all interests other than those entered on the Register, those classified as overriding interests and any other interests implied by law.

The relevant Land Register of Scotland entries and title sheet will reveal the present owners of land, together with any standard securities and other interests (other than certain overriding interests and any other unregistered interests implied or created by law) affecting the land. They will also contain a plan indicating the location of the land.

General Register of Sasines

Title to all land in Scotland where no event has yet occurred to trigger registration in the Land Register of Scotland is recorded in the General Register of Sasines. Title to such land is proved by establishing a chain of documentary evidence of title going back at least ten years. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights (including standard securities) would have had to be recorded in the General Register of Sasines in order to be effective against a subsequent purchaser of the land. Any standard security granted after 1 April 2016 over a Property in Scotland, title to which is recorded in the General Register of Sasines requires to be registered in the Land Register of Scotland and will induce first registration of the underlying title to land. This would also apply to any relevant Scottish Sub-Security although there is, as yet, no plan to extend first registration to an assignation of a standard security.

Taking Security Over Land

A heritable creditor must register its standard security in the Land Register of Scotland in order to perfect its security and secure priority over any subsequent standard security. Until such registration occurs, a standard security will not be effective against a subsequent purchaser who registers title or the heritable creditor under another standard security over the Property that is registered, in each case before the registration of its standard security by the heritable creditor. Priority of standard securities is (subject to express agreement to the contrary between the security holders) governed by the date of registration rather than the date of execution.

The Seller as Heritable Creditor

The sale of the Scottish Loans by the Seller to the Issuer will be given effect by the Scottish Declarations of Trust by which the beneficial interest in the Scottish Loans is held in trust by the Seller for the benefit of the Issuer. Such beneficial interest (as opposed to the legal title) cannot be registered with the Registers of Scotland. The consequences of this are explained in the section "*Risk Factors — Risks related to the structure — Seller to Initially Retain Legal Title to the Loans*".

Enforcement of Scottish Mortgages

If a Scottish Borrower defaults under a Scottish Loan, the Scottish Loan mortgage conditions provide that all monies under the loan will become immediately due and payable. The Seller or its successors or assignees would then be entitled to recover all outstanding principal, interest and fees under the obligation of the Borrower contained in the Scottish mortgage conditions to pay or repay those amounts. In addition, the Seller or its successors or assignees may enforce its standard security in relation to the defaulted loan although reasonable steps must be taken to agree proposals with the Borrower. Enforcement may occur in a number of ways, including the following (all of which arise under the 1970 Act):

- The heritable creditor may enter into possession of the property. If it does so, it does so in its own right and not as agent of the borrower, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property.

- The heritable creditor may sell the property, subject to various duties to ensure that the sale price is the best that can reasonably be obtained. The purchaser of the property sold pursuant to a heritable creditor's power of sale becomes the owner of the property.

- The heritable creditor may, in the event that a sale cannot be achieved, foreclose on the property. Under foreclosure procedures the borrower's title to the property is extinguished so that the heritable creditor becomes the owner of the property. The remedy is however rarely used.

In contrast to the position in England and Wales, the heritable creditor has no power to appoint a receiver under the standard security.

There is a requirement for a court order to enforce a standard security securing a loan to the extent that the credit agreement is regulated by the CCA or treated as such or, on and from the Regulation Effective Date, is a Regulated Mortgage Contract that would otherwise be regulated by the CCA or treated as such. See further "*Information Relating to the Regulation of Mortgages in the UK*".

Borrower's Right of Redemption

Under Section 11 of the Land Tenure Reform (Scotland) Act 1974 the grantor of any standard security over residential property has an absolute right, on giving appropriate notice, to redeem that standard security once it has subsisted for a period of 20 years, subject only to the payment of certain sums specified in Section 11 of that Act. These specified sums consist essentially of the principal monies advanced by the lender, interest thereon and expenses incurred by the lender in relation to that standard security.

SERVICING PROCEDURES

Under the Servicing Agreement, TSB Bank will be appointed as the Servicer of the Loans together with their Related Security.

This section describes TSB Bank's servicing procedures based on the current mortgage servicing policies. TSB Bank will service 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 "*Summary of the Key Transaction Documents – Servicing Agreement*". For a description of certain of the Servicer's policies and procedures applicable to the Portfolio, see "*The Loans*".

Servicing 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 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, payment date changes and payment holidays;
- dealing with all customer correspondence on other aspects of mortgage loans once the Loan is drawn down, including changes in customer details and changes on the mortgage loan, 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.

Collections

Payments by Borrowers in respect of amounts due under the Loans will be paid to the Seller's collections account. Amounts received by the Seller 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 into the Transaction Account by the next Business Day after that Daily Loan Amount is identified as received by the Seller.

Borrowers are required to make payments by direct debit 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.

The Servicer will be permitted to reclaim from the Issuer Transaction Account the corresponding amounts previously credited should a customer payment be returned unpaid or reversed. In these circumstances, the usual arrears procedures described in "— *Arrears and Default Procedures*" will be taken.

Arrears and Default Procedures

Arrears cases are managed by Collection & Recoveries, a dedicated arrears management department within the Seller's Operations division. As the seller is a credit institution it is a PRA authorised and FCA regulated

mortgage lender, the Seller's lending and arrears policies are required to comply with MCOB, and where applicable CONC.

Delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies are defined in accordance with the servicer's servicing policies and procedures for the purposes of Article 21(9) of the UK Securitisation Regulation. A loan is deemed to be in arrears when at any time more than one monthly payment (inclusive of insurance premiums) is outstanding. A loan is deemed to be in default when more than three monthly payments are outstanding.

Payment Holidays

Provided they meet the qualifying conditions, Borrowers may apply for a break from making Monthly Payments of up to 3 months in any 2 year period, with no limit over the life of the Loan; approval of such application and the determination of such period are at the discretion of the Seller who makes such a decision or approval based on the qualifying conditions.

The qualifying conditions include the following (among others):

(a) The Loan must have been open for at least 12 months with no further borrowing in the last 6 months; and

(b) The account must not be in arrears at the time of the application or have had any historic arrears on the account (in the last 12 months).

Restructurings

The Seller offers a range of forbearance options to support customers in or facing financial difficulty based on their individual circumstances, including: term extension, reduced payment plan, temporary suspension of principal repayments, temporary suspension of instalments or assisted sale. Payment plans are reviewed regularly with Borrowers, and the Seller does not alter an agreed plan until such plan is reviewed with the Borrower, unless the Borrower requests a change or there is a significant change in circumstances.

Early Arrears

Arrears treatment strategies are implemented when a customer's arrears balance exceeds a set threshold. The objective is to contact the borrower and remedy the underpayment as soon as possible via mutual agreement and looking at the best way to rehabilitate the borrower situation, with the intention to use the appropriate options available ensuring a solution is sustainable and affordable. At this stage:

(a) telephone contact is attempted during the day, early evening and where possible via SMS;

(b) the Borrower is also contacted by automated arrears letters which are issued according to TSB Bank's contact strategies and risk profile of the borrower; and

(c) TSB Bank may arrange a home visit to attempt resolution with the Borrower.

Serious Arrears and litigation

A Borrower will move to this stage if they meet TSB Bank's criteria (which includes months in arrears and any record of broken arrangements). TSB Bank will always look to rehabilitate the borrower's circumstances, but if this is unsuccessful, and as a last resort, litigation is initiated. At this stage:

(a) solicitors are instructed to commence proceedings;

(b) a possession order is obtained; and

(c) the possession order is enforced when further default occurs.

Approach to Arrears Management

When a Borrower is facing financial difficulty, their individual circumstances will be taken into consideration to enable the complete recovery of the mortgage through the full repayment of arrears using short term or long term rehabilitation tools which may be offered.

Risk Rating

The Servicer collects and analyses information about TSB's portfolio of mortgage borrowers, which includes data submitted by credit reference agencies. This enables the Servicer to calculate a 'behavioural' credit score for all borrowers every month.

Forbearance & Arrears handling

The arrears handling process will consider the number of months a borrower is in arrears, together with the borrower's risk rating. These two factors will determine when, how frequently as well as the type of contact to be made to the borrower.

All forbearance practices will be subject to a review and follow up process to support the recovery of the mortgage in the long term. This may require completion of formal documentation from all borrowers should the concession involve a contractual change and/or an account restructure. These can include:

(a) Changing the date for payment;

(b) Extension of Borrower's term;

(c) Change from repayment to interest only on a temporary basis;

(d) Deferment of monthly payment (full or part);

(e) Capitalisation;

(f) Allowing Borrowers to remain in possession to affect a sale; and

(g) Assisted Voluntary Sale (AVS)

If a customer breaks an arrangement, the Servicer will notify that borrower as soon as possible (dependent upon payment method) in an attempt to establish the reasons why the arrangements have not been kept to. The Servicer will establish if there has been a change in financial circumstances and whether the arrangements can be renegotiated or an alternative suitable solution may be agreed with the borrower. The consequences of not keeping to an arrangement will be explained in writing to the borrower as well as requesting the borrower gets in contact with the servicer to work through alternative, sustainable and affordable options.

Litigation Proceedings

The Servicer will only begin legal proceedings to take possession of a property as a last resort once all alternatives have been considered and the customer has been given time and support to improve their position.

Litigation may proceed where:

(a) All attempts to contact the customer have failed

(b) It has not been possible to agree an arrangement

(c) The customer has not been able to sustain the payments agreed under the arrangement.

(d) The property has been abandoned.

Repossession

Prior to commencement of repossession the Servicer will provide the customer with a written update of all the arrears information; ensure the customer is informed of the need to contact the local authority to establish if they are eligible for local authority housing after their property is repossessed and then clearly state the action that will be taken with regard to repossession. At any point during this process the circumstances of the borrower changes, the repossession process may be halted and options for rehabilitation are discussed.

Once in possession the property will be marketed as soon as reasonably possible. Advice will be taken from the Servicer's assigned asset manager to assess the best price by obtaining:

(a) two valuations to include at least one from a RICS qualified surveyor; and

(b) advice from the asset manager as to whether it is appropriate to market the property by private treaty or by public auction.

The borrower will be provided with a completion statement once a sale has been completed setting out how all final figures have been calculated. If there is a shortfall the Servicer will comply with the UK Finance voluntary shortfall agreement.

If there is a surplus the Servicer will make payments to other charge holders before issuing funds to the customer. All reasonable efforts to contact the borrower to pay the surplus will be carried out or retain the funds in interest bearing account until contact is made.

The Servicer considers write-offs to include the loss that materialises post repossession (i.e. the shortfall from recovery proceeds from the sale of the property in relation to the debt plus costs).

Non Forbearance Solutions

There are a number of other options the Servicer will utilise to assist customer with any financial difficulty if these are suitable taking into account their needs and circumstances:

(a) change of repayment date; and

(b) change of payment method.

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this Prospectus has been compiled by reference to the Loans in the Provisional Portfolio as at 29 February 2024 (**Reference Date**). Columns may not add up to 100 per cent. due to rounding. The Initial Portfolio, which will be sold to the Issuer on the Closing Date, will be randomly selected from the Provisional Portfolio on the Closing Date. A Loan will be removed from the Provisional Portfolio or the Initial Portfolio, as applicable, if, in the period from (and including) the Reference Date up to (but excluding) the Closing Date, such Loan is repaid in full or if such Loan does not comply with the Loan Warranties on the Closing Date. Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Reference Date, which includes all Principal and Accrued Interest for the Loans in the Provisional Portfolio.

The Provisional Portfolio as at the Reference Date consisted of 4,601 Loans which form 3,669 Mortgage Accounts originated by the Seller or acquired by the Seller from Lloyds Bank plc in 2013 pursuant to a transfer under Part VII of the Financial Services and Markets Act 2000 and transferred to the Issuer without any intermediate steps and secured over properties located in England, Wales and Scotland, having an aggregate Current Balance of £634,459,640. The Loans in the Provisional Portfolio at the Reference Date were originated between 2002 and 2024.

The characteristics of the Initial Portfolio will differ from that set out below as a result of, *inter alia*, the selection from the Provisional Portfolio, repayments and redemptions of the Loans from the Reference Date to the Closing Date and removal of any Loans which are repaid in full or which do not comply with the Loan Warranties on the Closing Date as described above. The Seller believes that the information in this Prospectus with respect to the Provisional Portfolio is representative of the characteristics of the Loans comprising the Portfolio that will be randomly selected on the Closing Date, although the portfolio averages and numerical data relating to the distribution of the Loans may vary within a range of plus or minus 5 per cent.

Current Balances as at the Reference Date

The following table shows the range of Mortgage Account Current Balances (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the Reference Date.

Range of Current Balances* (£)	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Mortgage Accounts	% of Total
0.00 to 49,999.99	9,843,546	1.55%	298	8.12%
50,000.00 to 99,999.99	57,924,085	9.13%	754	20.55%
100,000.00 to 149,999.99	100,268,505	15.80%	806	21.97%
150,000.00 to 199,999.99	112,404,864	17.72%	645	17.58%
200,000.00 to 249,999.99	96,897,037	15.27%	435	11.86%
250,000.00 to 299,999.99	86,515,643	13.64%	317	8.64%
300,000.00 to 349,999.99	53,858,203	8.49%	166	4.52%
350,000.00 to 399,999.99	37,708,544	5.94%	101	2.75%
400,000.00 to 449,999.99	19,248,895	3.03%	45	1.23%
450,000.00 to 499,999.99	15,741,051	2.48%	33	0.90%
500,000.00 to 549,999.99	8,825,268	1.39%	17	0.46%
550,000.00 to 599,999.99	8,578,056	1.35%	15	0.41%
600,000.00 to 649,999.99	7,530,287	1.19%	12	0.33%
650,000.00 to 699,999.99	4,091,242	0.64%	6	0.16%
700,000.00 to 749,999.99	5,063,380	0.80%	7	0.19%
750,000.00 to 799,999.99	3,888,959	0.61%	5	0.14%
800,000.00 to 849,999.99	3,228,154	0.51%	4	0.11%
850,000.00 to 899,999.99	0	0.00%	0	0.00%
900,000.00 to 949,999.99	1,851,651	0.29%	2	0.05%
950,000.00 to 999,999.99	992,270	0.16%	1	0.03%
Totals	£634,459,640	100.00%	3,669	100.00%

* *Includes capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees*.

The maximum, minimum and average Current Balance of the Mortgage Accounts as at the Reference Date were £992,269.56, £11,343.46 and £172,924.40, respectively.

The aggregate outstanding principal balance of all Loans to a single Borrower does not exceed 0.2 per cent. of the aggregate outstanding principal balance of all Loans as at the Reference Date.

Loan-to-Value Ratios at Origination

The following table shows the range of LTV Ratios at origination, which express the outstanding balance of the aggregate of Loans in the Mortgage Accounts (which incorporate all Loans secured on the same Property) based on the original amount advanced on the date of origination of the Loan divided by the value of the Property securing the Loans in the Mortgage Account as at that date (on the basis of a valuation on or about the date of origination). The Seller has not revalued any of the Properties for the purposes of the issue of the Notes.

Range of LTV Ratios at origination*	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Mortgage Accounts	% of Total
0.00 to 29.99	£17,308,289	2.73%	221	6.02%
30.00 to 34.99	£8,937,822	1.41%	81	2.21%
35.00 to 39.99	£12,941,987	2.04%	95	2.59%
40.00 to 44.99	£13,915,551	2.19%	112	3.05%
45.00 to 49.99	£22,874,465	3.61%	137	3.73%
50.00 to 54.99	£23,649,895	3.73%	150	4.09%
55.00 to 59.99	£31,607,243	4.98%	177	4.82%
60.00 to 64.99	£30,486,519	4.81%	150	4.09%
65.00 to 69.99	£36,744,040	5.79%	184	5.01%
70.00 to 74.99	£59,007,052	9.30%	284	7.74%
75.00 to 79.99	£62,904,882	9.91%	292	7.96%
80.00 to 84.99	£81,544,139	12.85%	389	10.60%
85.00 to 89.99	£115,221,586	18.16%	615	16.76%
90.00 to 94.99	£104,427,577	16.46%	681	18.56%
95.00 to 99.99	£12,888,593	2.03%	101	2.75%
Totals	£634,459,640	100.00%	3,669	100.00%

* *Excluding capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.*

The maximum, minimum and weighted average Original LTV Ratio as at the Reference Date of the Mortgage Accounts in the Provisional Portfolio were 95.00 per cent., 5.81 per cent. and 73.72 per cent., respectively.

Reference Date Indexed LTV Ratios

The following table shows the range of Indexed LTV Ratios, which are calculated by dividing the Current Balance of a Mortgage Account as at the Reference Date by the Indexed valuation of the Property securing that Mortgage Account at the Reference Date. Where the Seller has revalued any of the Properties after the date of origination of the original Loan, the revised valuation will be used in formulating the Indexed valuation. The Seller has not revalued any of the Properties for the purposes of the issue of the Notes.

Range of Indexed LTV Ratios as at the Reference Date*	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Mortgage Accounts	% of Total
0.00 to 29.99	35,570,080	5.61%	482	13.14%
30.00 to 34.99	15,512,740	2.45%	145	3.95%
35.00 to 39.99	22,549,192	3.55%	166	4.52%
40.00 to 44.99	25,518,216	4.02%	179	4.88%
45.00 to 49.99	29,626,306	4.67%	177	4.82%
50.00 to 54.99	35,987,172	5.67%	202	5.51%
55.00 to 59.99	40,418,498	6.37%	194	5.29%
60.00 to 64.99	46,741,006	7.37%	229	6.24%

Range of Indexed LTV Ratios as at the Reference Date*	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Mortgage Accounts	% of Total
65.00 to 69.99	61,728,774	9.73%	315	8.59%
70.00 to 74.99	67,031,944	10.57%	337	9.19%
75.00 to 79.99	65,735,364	10.36%	344	9.38%
80.00 to 84.99	74,843,230	11.80%	380	10.36%
85.00 to 89.99	79,355,439	12.51%	371	10.11%
90.00 to 94.99	33,841,680	5.33%	148	4.03%
95.00 to 99.99	0	0.00%	0	0.00%
Totals	£634,459,640	100.00%	3,669	100.00%

* *Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.*

The maximum, minimum and Weighted Average Indexed LTV Ratio as at the Reference Date of all the Mortgage Accounts (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) were 94.63 per cent., 2.83 per cent. and 66.46 per cent., respectively.

Geographical Distribution

The following table shows the distribution of Properties securing the Mortgage Accounts throughout England, Wales and Scotland as at the Reference Date. No such properties are situated outside England, Wales or Scotland.

Region	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Mortgage Accounts	% of Total
East of England	£64,281,492	10.13%	303	8.26%
East Midlands	£41,402,515	6.53%	245	6.68%
Greater London	£68,698,749	10.83%	220	6.00%
North East	£27,801,966	4.38%	219	5.97%
North West	£71,042,626	11.20%	478	13.03%
Scotland	£63,179,137	9.96%	544	14.83%
South East	£118,584,072	18.69%	494	13.46%
South West	£56,437,412	8.90%	305	8.31%
Wales	£18,855,005	2.97%	153	4.17%
West Midlands	£51,183,534	8.07%	324	8.83%
Yorkshire & Humberside	£52,993,131	8.35%	384	10.47%
Totals	£634,459,640	100.00%	3,669	100.00%

Seasoning of Loans

The following table shows the number of months since the date of origination of the Loan. The ages of the Loans in this table have been taken as at the Reference Date.

Seasoning Band (months)	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
0.00 to 11.99	£84,624,589	13.34%	587	12.76%
12.00 to 23.99	£262,043,992	41.30%	1,436	31.21%
24.00 to 35.99	£204,061,912	32.16%	1,322	28.73%
36.00 to 47.99	£30,575,538	4.82%	233	5.06%
48.00 to 59.99	£12,778,473	2.01%	120	2.61%
60.00 to 71.99	£6,237,988	0.98%	63	1.37%
72.00 to 83.99	£6,481,068	1.02%	83	1.80%
84.00 to 95.99	£3,514,888	0.55%	80	1.74%
96.00 to 107.99	£6,172,989	0.97%	129	2.80%

Seasoning Band (months)	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
108.00 to 119.99	£1,788,559	0.28%	45	0.98%
Equal to and greater than 120.00	£16,179,644	2.55%	503	10.93%
Totals	£634,459,640	100.00%	4,601	100.00%

The maximum, minimum and weighted average seasoning of Loans in the Provisional Portfolio as at the Reference Date was 263, 0 and 28.19 months, respectively.

Years to Maturity of Loans

The following table shows the number of remaining years of the term of the Loan as at the Reference Date.

Years to Maturity	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
0.00 to 1.99	£41,031	0.01%	7	0.15%
2.00 to 3.99	£1,474,652	0.23%	75	1.63%
4.00 to 5.99	£4,568,366	0.72%	172	3.74%
6.00 to 7.99	£7,206,301	1.14%	168	3.65%
8.00 to 9.99	£12,823,820	2.02%	225	4.89%
10.00 to 11.99	£14,797,282	2.33%	209	4.54%
12.00 to 13.99	£17,172,929	2.71%	187	4.06%
14.00 to 15.99	£18,982,767	2.99%	196	4.26%
16.00 to 17.99	£30,278,726	4.77%	284	6.17%
18.00 to 19.99	£37,105,219	5.85%	280	6.09%
20.00 to 21.99	£34,679,356	5.47%	242	5.26%
22.00 to 23.99	£76,408,755	12.04%	472	10.26%
24.00 to 25.99	£42,959,428	6.77%	272	5.91%
26.00 to 27.99	£69,940,110	11.02%	409	8.89%
28.00 to 29.99	£71,310,364	11.24%	385	8.37%
Equal to and over 30.00	£194,710,534	30.69%	1,018	22.13%
Totals	£634,459,640	100.00%	4,601	100.00%

The maximum, minimum and weighted average remaining term of the Loans in the Provisional Portfolio as at the Reference Date was 39.66, 1.16 and 25.54 years, respectively.

Purpose of Loan

The following table shows whether the purpose of the Mortgage Account on origination was to finance the purchase of a new Property or to remortgage a Property already owned by the Borrower or to release equity.

Use of proceeds	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Mortgage Accounts	% of Total
Purchase	£465,407,331	73.35%	2,674	72.88%
Remortgage	£163,798,868	25.82%	946	25.78%
Release equity*	£5,253,441	0.83%	49	1.34%
Totals	£634,459,640	100.00%	3,669	100.00%

* *Accounts in the Portfolio used to release equity do not constitute Equity Release Loans.*

Vintage

The following table shows the year in which the Loans in the Provisional Portfolio have been originated.

Vintage	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
<=2010	£11,458,360	1.81%	344	7.48%
2011	£1,140,868	0.18%	43	0.93%
2012	£1,780,840	0.28%	66	1.43%
2013	£1,593,026	0.25%	44	0.96%
2014	£1,603,820	0.25%	42	0.91%
2015	£5,248,746	0.83%	116	2.52%
2016	£4,369,379	0.69%	96	2.09%
2017	£5,536,921	0.87%	77	1.67%
2018	£6,969,898	1.10%	69	1.50%
2019	£10,889,089	1.72%	105	2.28%
2020	£17,232,505	2.72%	136	2.96%
2021	£186,642,422	29.42%	1,234	26.82%
2022	£266,902,686	42.07%	1,494	32.47%
2023	£112,832,118	17.78%	729	15.84%
2024	£258,963	0.04%	6	0.13%
Totals	£634,459,640	100.00%	4,601	100.00%

Payment type

The following table shows the payment type for the Loans as at the Reference Date.

Payment Type	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
Repayment	£619,286,151	97.61%	4,471	97.17%
Interest-only	£15,173,489	2.39%	130	2.83%
Totals	£634,459,640	100.00%	4,601	100.00%

Current Product

The following table shows the distribution of products and associated reversion mechanics as at the Reference Date.

Product Type	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
Tracker	£5,845,717	0.92%	91	1.98%
Tracker to HVR	£21,534,862	3.39%	127	2.76%
Fixed for Life	£1,802,338	0.28%	165	3.59%
Fixed to Tracker	£184,089,476	29.02%	1,010	21.95%
Fixed to HVR	£409,023,103	64.47%	2,861	62.18%
Fixed to SVR	£0	0.00%	0	0.00%
HVR	£4,647,398	0.73%	111	2.41%
SVR	£7,516,746	1.18%	236	5.13%
Totals	£634,459,640	100.00%	4,601	100.00%

Current Interest Rate Bands

The following table shows the current interest rate bands of the Loans at the Reference Date.

Current Interest Rate Bands (%)	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
0.00 to 0.99	£6,675,073	1.05%	142	3.09%
1.00 to 1.99	£123,644,330	19.49%	825	17.93%

2.00 to 2.99	£204,646,927	32.26%	1,286	27.95%
3.00 to 3.99	£120,102,803	18.93%	712	15.47%
4.00 to 4.99	£77,414,097	12.20%	573	12.45%
5.00 to 5.99	£74,652,017	11.77%	594	12.91%
6.00 to 6.99	£11,612,528	1.83%	95	2.06%
7.00 to 7.99	£11,064,466	1.74%	263	5.72%
>8.00	£4,647,398	0.73%	111	2.41%
Totals	£634,459,640	100.00%	4,601	100.00%

The maximum, minimum and weighted current interest rate of Loans in the Provisional Portfolio as at the Reference Date was 8.74 per cent., 0.89 per cent. and 3.30 per cent., respectively.

Fixed Rate Loans – Current Interest Rate Bands

The following table shows the current interest rate band for the fixed rate Loans as at the Reference Date.

Fixed Rate Loans – Current Interest Rate Band	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
0.00 to 0.99	£6,675,073	1.12%	142	3.52%
1.00 to 1.99	£123,644,330	20.78%	825	20.44%
2.00 to 2.99	£204,646,927	34.40%	1,286	31.86%
3.00 to 3.99	£120,102,803	20.19%	712	17.64%
4.00 to 4.99	£77,414,097	13.01%	573	14.20%
5.00 to 5.99	£55,124,033	9.27%	436	10.80%
6.00 to 6.99	£7,307,654	1.23%	62	1.54%
7.00 to 7.99	£0	0.00%	0	0.00%
>8.00	£0	0.00%	0	0.00%
Totals	£594,914,917	100.00%	4,036	100.00%

The maximum, minimum and weighted current interest rate for the fixed rate Loans in the Provisional Portfolio as at the Reference Date was 6.74 per cent., 0.89 per cent. and 3.07 per cent., respectively.

Fixed Rate Loans – Roll Date

The following table shows the roll date of the fixed rate Loans at the Reference Date.

Fixed Rate Loans – Roll Date	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Loans	% of Total
2024	£0	0.00%	0	0.00%
2025	£4,691,402	0.79%	32	0.79%
2026	£160,707,964	27.01%	1,094	27.11%
2027	£292,860,266	49.23%	1,736	43.01%
2028	£77,819,913	13.08%	604	14.97%
2029	£11,323,266	1.90%	101	2.50%
2030	£7,536,900	1.27%	86	2.13%
2031	£6,342,294	1.07%	56	1.39%
2032	£31,180,185	5.24%	206	5.10%
2033	£1,487,276	0.25%	16	0.40%
>2033	£965,451	0.16%	105	2.60%
Totals	£594,914,917	100.00%	4,036	100.00%

Property Type

The following table shows the property type as at the Reference Date:

Property Type	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Mortgage Accounts	% of Total
Residential (House)	£401,633,556	63.30%	2,067	56.34%
Residential (Terraced)	£143,704,221	22.65%	995	27.12%
Residential (Flat/Apartment)	£67,953,263	10.71%	482	13.14%
Residential (Bungalow)	£21,168,600	3.34%	125	3.41%
Totals	£634,459,640	100.00%	3,669	100.00%

Borrowers' Employment Status

The following table shows the Borrowers' employment status as at the Reference Date.

Borrowers' Employment Status	Aggregate Current Balance as at the Reference Date (£)	% of Total	Number of Mortgage Accounts	% of Total
Employed or full loan is guaranteed	£585,712,556	92.32%	3,408	92.89%
Self-employed	£48,713,277	7.68%	260	7.09%
Unemployed	£33,806	0.01%	1	0.03%
Retirement	£0	0.00%	0	0.00%
Unknown	£0	0.00%	0	0.00%
Totals	£634,459,640	100.00%	3,669	100.00%

Environmental Performance

As at the Reference Date, the administrative records of the Seller do not contain any information related to the environmental performance of the property securing the Loans.

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 United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market.

Repossession Rate

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1985	0.25	1998	0.30	2011	0.33
1986	0.30	1999	0.27	2012	0.30
1987	0.32	2000	0.20	2013	0.26
1988	0.22	2001	0.16	2014	0.19
1989	0.17	2002	0.11	2015	0.09
1990	0.17	2003	0.07	2016	0.07
1991	0.45	2004	0.07	2017	0.07
1992	0.76	2005	0.12	2018	0.06
1993	0.68	2006	0.18	2019	0.07
1994	0.56	2007	0.22	2020	0.02
1995	0.47	2008	0.34	2021	0.02
1996	0.46	2009	0.43	2022	0.04
1997	0.40	2010	0.34	2023	0.04

Source: UK Finance

The above repossession rates have been reproduced from information published by UK Finance. The issuer confirms that the above repossession rates has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by UK Finance, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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 United Kingdom. Average annual earnings are constructed from average weekly earnings, whole economy, annualised. While this is a good indication of house affordability, it does not take into account the fact that the majority of households have more than one income to support a mortgage loan.

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
2002	5.05	2013	6.73
2003	5.84	2014	6.95
2004	6.52	2015	7.37
2005	6.73	2016	7.59
2006	6.95	2017	7.77
2007	7.16	2018	7.85
2008	6.89	2019	7.73
2009	6.35	2020	7.78
2010	6.84	2021	8.94
2011	6.73	2022	8.31
2012	6.76	2023	8.14

Source: UK Finance

The above House Price to Earnings Ratio rates have been reproduced from information published by UK Finance. The issuer confirms that the above rates has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by UK Finance, no facts have been omitted which would render the reproduced information inaccurate or misleading.

House Price Index

UK residential property prices, as measured by the Nationwide House Price Index, have generally followed the UK Retail Price Index over an extended period. (Nationwide is a UK building society.)

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Nationwide House Price Index occurring in the late 1980s and large decreases occurring in the early 1990s and from 2007.

	Retail Price Index		Nationwide House Price Index	
Quarter	**Index**	**% annual change**	**Index**	**% annual change**
March 2013	247.4	3.3	325.3	0.2
June 2013	249.7	3.1	333.7	1.4
September 2013	250.9	3.2	341.0	4.3
December 2013	252.5	2.6	348.0	7.1
March 2014	253.9	2.6	355.3	9.2
June 2014	256.0	2.5	372.1	11.5
September 2014	256.9	2.4	376.7	10.5
December 2014	257.4	1.9	377.0	8.3
March 2015	256.4	1.0	376.2	5.9
June 2015	258.5	1.0	387.5	4.1
September 2015	259.3	0.9	390.5	3.7
December 2015	260.0	1.0	393.1	4.3
March 2016	260.0	1.4	396.1	5.3
June 2016	262.2	1.4	407.4	5.1
September 2016	264.2	1.9	411.6	5.4
December 2016	265.8	2.2	410.8	4.5
March 2017	267.7	3.0	412.3	4.1
June 2017	271.5	3.5	418.9	2.8
September 2017	274.2	3.8	422.3	2.6
December 2017	276.4	4.0	421.8	2.7
March 2018	277.5	3.7	422.5	2.5
June 2018	280.6	3.4	428.1	2.2
September 2018	283.3	3.3	431.1	2.1
December 2018	284.9	3.1	427.3	1.3
March 2019	284.4	2.5	424.3	0.4
June 2019	289.0	3.0	430.7	0.6
September 2019	290.7	2.6	432.5	0.3
December 2019	291.1	2.2	430.7	0.8
March 2020	291.7	2.6	434.7	2.5
June 2020	292.5	1.2	439.1	2.0
September 2020	293.9	1.1	447.5	3.5
December 2020	294.4	1.1	458.5	6.4
March 2021	295.8	1.4	462.1	6.3
June 2021	302.3	3.4	484.2	10.3
September 2021	307.2	4.5	493.8	10.3
December 2021	314.7	6.9	504.9	10.1
March 2022	320.5	8.4	520.2	12.6
June 2022	337.2	11.5	539.5	11.4
September 2022	345.3	12.4	544.9	10.3
December 2022	358.3	13.9	529.0	4.8
March 2023	364.0	13.6	514.9	-1.0
June 2023	374.8	11.2	522.6	-3.1

	Retail Price Index		Nationwide House Price Index	
Quarter	**Index**	**% annual change**	**Index**	**% annual change**
September 2023	376.4	9.0	519.0	-4.7
December 2023	378.0	5.5	517.0	-2.3

Source: Office for National Statistics and Nationwide Building Society, respectively.

The percentage change in the table above is calculated in accordance with the following formula: (X-Y)/Y where X is equal to the current quarter's index value and Y is equal to the index value of the previous year's corresponding quarter.

All information contained in this Prospectus in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide Building Society, which is available on their website, http://www.nationwide.co.uk/hpi/. The Issuer confirms that all information in this Prospectus in respect of the Nationwide House Price indices has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Nationwide Building Society, no facts have been omitted which would render the reproduced information inaccurate or misleading.

INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Regulated Mortgage Contracts

In the UK, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the **Regulation Effective Date**). Residential mortgage lending under the FSMA is regulated by the FCA. Entering into as a lender, arranging or advising in respect of and administering regulated mortgage contracts and agreeing to do any of those activities (subject to applicable exemptions) are each regulated activities under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the **RAO**) requiring authorisation and permission from the FCA.

The original definition of a regulated mortgage contract was such that if a mortgage contract was entered into or varied on or after the Regulation Effective Date but prior to 21 March 2016, it will be a regulated mortgage contract under the RAO: if at the time it is entered into (a) the lender provided credit to an individual or trustee; (b) the obligation of the borrower to repay was secured by a first legal mortgage (or, in Scotland, first ranking standard 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.

There have been incremental changes to the definition of Regulated Mortgage Contract over time, including, the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK and the subsequent retraction of that extension.

The current definition of a Regulated Mortgage Contract is such that if the mortgage contract was entered into on or after 21 March 2016, it will be a Regulated Mortgage Contract (**Regulated Mortgage Contract**) if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions): (a) the borrower is an individual or trustee; (b) the obligation of the borrower to repay is secured by a mortgage (or, in Scotland, a first ranking standard security) on land; (c) at least 40 per cent. of which is used, or is intended to be used: (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee, which 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. In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the United Kingdom or within the territory of an EEA State and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the United Kingdom.

A related person (in relation to a borrower or, in the case of credit provided to trustees, a beneficiary of the trust) means: (i) that person's spouse or civil partner; (ii) 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 (iii) that person's parent, brother, sister, child, grandparent or grandchild(a **Related Person**).

Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are "consumer credit back book mortgage contracts"' and are also therefore regulated mortgage contracts (see below "*Regulation of residential secured lending (other than Regulated Mortgage Contracts)*")).

On and from the Regulation Effective Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (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 taking necessary steps for the purposes of 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. If requirements as to the authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions 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 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.

The Seller holds authorisation and permission to enter into and to administer, to arrange and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Seller is also registered by the FCA as a consumer buy-to-let lender and a consumer buy-to-let administrator. The Issuer is not and does not propose to be an authorised person under the FSMA. Under Article 62 of the RAO, the Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. As a result of having the Regulated Mortgage Contracts administered pursuant to a servicing agreement by an entity having the required FCA authorisation and permission, the Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts. If such a servicing agreement terminates, however, the Issuer will be required to arrange for mortgage administration to be carried out by a replacement servicer having the required FCA authorisation and permission, and will have a period of not more than one month in which to do so.

The Issuer will not itself be an authorised person under the 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.

The FCA's *Mortgages and Home Finance: Conduct of Business Sourcebook* (**MCOB**), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. 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. 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.

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 be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA rule, 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).

Any regulated activities carried on by an entity which is not authorised under the FSMA would be in breach of the general prohibition on conducting unauthorised regulated activities in Section 19 FSMA and would be a criminal offence. In addition to criminal offences the FCA may take civil action against a firm which breaches Section 19 FSMA with, potentially, the imposition of unlimited fines. Therefore, to the extent that the Issuer or Servicer does not ensure that it acts with the necessary authorisation under the FSMA, such action may result in criminal or civil sanctions against the Issuer or Servicer. 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 rather than the regime for consumer credit under which second charge lending fell. The European Mortgage Credit Directive (2014/17/EU) (the **MCD**) also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government thought that 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 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 policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the CCA. Mortgage regulation under FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered

into and were not otherwise exempt. In November 2015, the UK government made legislation which meant that the administration of and other activities relating to those pre-October 2004 first charge mortgages which at that time were regulated by the CCA became regulated mortgage activities from 21 March 2017. The move of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 (the MCD Order) on 21 March 2016. The 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 are not removed retrospectively.

Credit agreements which were originated before 21 March 2016 which were regulated by the CCA and that 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 would also therefore be Regulated Mortgage Contracts. 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 were 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 have been retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with s77A CCA (duty to serve an annual statement) or s86B 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 s77A CCA and s86D 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. 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 (CONC) and the CCA that are not contained within MCOB.

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). If a Loan or its Related Security does not comply with these warranties; such warranty breach might have a material adverse effect on the value of the relevant Loan; and the default cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, then the Seller will, upon receipt of notice from the Issuer, be solely liable to repurchase the relevant Loan(s) and their Related Security from the Issuer in accordance with the Mortgage Sale Agreement.

Unfair relationships

Under the CCA the earlier "extortionate credit" regime was replaced by an unfair relationship test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated Mortgage Contracts, and also applies to (as described above) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the relevant originator, or any assignee such as the Issuer, 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 creditor's conduct (or the conduct of 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 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 CRA (each as defined below). The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, subsequently, 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 payment, 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.

If a mortgage loan subject to the unfair relationship test is found to be unfair, the court has a wide range of powers and may require the lender (and any associate or former associate of the lender) to repay sums to the debtor, or to do, not do or cease doing anything in relation to the agreement or any related agreement, and may require the lender to reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety.

Distance Marketing Regulations

In the UK, the Financial Services (Distance Marketing) Regulations 2004 (the **DM Regulations**) apply to, *inter alia*, contracts for financial services 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 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 the contract and includes, but is not limited to, general information in respect of the supplier and the financial service, the 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 (who is authorised by the FCA) 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. Failure to comply with MCOB pre-contract disclosure rules could result in, amongst other things, disciplinary action by the FCA and claims for damages under Section 138D of FSMA.

Certain other agreements for financial services will be cancellable under the DM Regulations, if the borrower does not receive prescribed information at the prescribed time. Where the credit agreement is cancellable under the DM Regulations, the borrower may send notice of cancellation at any time before the expiry of 14 days beginning with (i) the day after the day on which the contract is made (where all of the prescribed information has been provided prior to the contract being entered into); or (ii) the day after the day on which the last of the prescribed information (is provided (where all the of prescribed information was not provided prior to the contract being entered into).

Compliance with the DM Regulations may be secured by way of injunction (interdict in Scotland) obtained by an enforcement authority, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the DM Regulations may render the originator or intermediaries (and their respective relevant officers) liable to a fine.

If the borrower cancels the contract under the DM Regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by or on behalf of the originator to the borrower, under or in relation to the contract, within 30 calendar days of cancellation; (b) the borrower is liable to pay interest, early repayment charges and other charges for services actually provided in accordance with the contract 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 if other conditions are met; and (c) any security provided in relation to the contract is to be treated as never having had effect.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the **1999 Regulations**, together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the **UTCCR**)) apply to business to consumer agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the

terms have not been individually negotiated. Regulation 2 of the 1999 Regulations revoked the Unfair Terms in Consumer Contracts Regulations 1994. The Consumer Rights Act 2015 (the CRA) has revoked the UTCCR in respect of contracts made on or after 1 October 2015.The main provisions of the CRA came into force on 1 October 2015. The CRA is only applicable to 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 is also applicable on or after 1 October 2015, to notices of variation, such as variation of interest rate under contracts.

The UTCCR and the CRA provide that a consumer (which would include a Borrower under all or almost all of the Mortgage Loans) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA (as applicable) and is therefore not binding on the consumer (although the remainder 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.

The FCA have stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" applies equally to factors that firms should consider to achieve fairness under the UTCCR.

(i) UTCCR

The UTCCR 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. The UTCCR 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 originators are 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 that the borrower has taken with the lender (or exercise analogous rights in Scotland).

(ii) CRA

The main provisions of the CRA came into force on 1 October 2015. The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of 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 as follows:

Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). 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 of Schedule 2 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.

A term of a consumer contract which is not on the “grey list” may nevertheless be regarded as unfair.

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 have explicitly raised the issue of fairness.

(iii) Regulatory Developments

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012. On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

On 19 December 2018, the FCA published finalised guidance: “Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015” (FG18/7), 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 Court of Justice of the EU (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 any 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 FCA have stated that the finalised FCA guidance applies equally to factors that firms should consider to achieve fairness under the UTCCR.

The Unfair Contract Terms and Consumer Notices Regulation Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its formal powers under the CRA and the Competition and Markets Authority (the CMA) published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the CMA Guidance). 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 European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs".

In general, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in the light of sometimes conflicting reported case law between English courts and the CJEU. The broad and general wording of the UTCCR and 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/or 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

The Consumer Protection from Unfair Trading Regulations 2008 (the **CPUTR**) came into force on 26 May 2008. The CPUTR prohibit certain practices which are deemed “unfair” within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is 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 agreement may result in irrecoverable losses on amounts to which such agreements apply. Most of the provisions of the Consumer Protection (Amendment) Regulations 2014 came into force on 1 October 2014 and amended the CPUTR. In certain circumstances, these amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

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. 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 13 March 2023, the FCA published finalised guidance: "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost-of-living" (FG23/2). 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.

The FCA makes clear in the Tailored Support Guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with the guidance.

In March 2021, the FCA stated that as the more immediate impacts of coronavirus begin to subside, they were considering whether they should make any permanent changes to their forbearance regimes for mortgages and credit in light of the Mortgages Tailored Support Guidance. It was proposed that this could include updating the rules and guidance in MCOB and incorporating elements of the Mortgages Tailored Support Guidance. On 25 May 2023, the FCA launched consultation CP23/13 setting out how they plan to incorporate aspects of the Mortgages Tailored Support Guidance into MCOB and withdraw the Mortgages Tailored Support Guidance.

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). It also published FG24/2: Guidance for firms supporting existing mortgage borrowers impacted by rising living costs. The FCA have stated that they want to build on the 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 Tailored Support Guidance into their Handbook, as well as introducing further targeted changes. For mortgages, the FCA have changed their guidance including to allow lenders more scope to capitalise payment shortfalls where appropriate and to improve disclosure for all customers in payment shortfall. The new rules will come into force on 4 November 2024 and the Tailored Support Guidance will be withdrawn at that time. It is worth noting that the rules will not apply to unregulated buy-to-let loans.

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.

Mortgage Repossession

The Pre-Action Protocol for Possession Claims based on Mortgage or Home Purchase Plan Arrears in Respect of Residential Property in England and Wales (the **Pre-Action Protocol**) came into force on 19 November 2008 and 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 repossession action for at least three months after a borrower who is an owner-occupier is in arrears. 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 Seller has also agreed under the Mortgage Charter (as to which see the section entitled 'Mortgage Charter' below) to, among other things, that a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment.

Financial Ombudsman Service

Under the FSMA, the Financial Ombudsman Service (the **Ombudsman**) is required to make decisions on, among other things, certain complaints relating to the 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, rather than making determinations strictly on the basis of compliance with law. Complaints properly 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 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 borrower.

Home Owner and Debtor Protection (Scotland) Act 2010

The Home Owner and Debtor Protection (Scotland) Act 2010 (the **2010 Act**) enacted by the Scottish Parliament 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. The 2010 Act amends sections of the Conveyancing and Feudal Reform (Scotland) Act 1970, which permitted a heritable creditor to proceed to sell the secured property where the formal notice calling up the standard security had expired without challenge (or where a challenge had been made but not upheld). 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 occupiers have surrendered the property voluntarily. In addition, the 2010 Act requires the heritable creditor in applying for a court order to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, as well as imposing further procedural requirements. This may restrict the ability of the Seller as heritable creditor of the Scottish mortgages to exercise its power of sale.

Assured Shorthold Tenancy (AST)

Depending on the level of ground rent payable at any one time it is possible that a long leasehold may also be an Assured Tenancy (AT) or Assured Shorthold Tenancy (AST) under the Housing Act 1988 (HA 1988). If it is, this could have the consequences set out below.

A tenancy or lease will be an AT if granted after 15 January 1989 and:

(a) the tenant or, as the case may be, each of the joint tenants is an individual;

(b) the tenant or, as the case may be, at least one of the joint tenants occupies the dwelling-house as their only or principal home; and

(c) if granted before 1 April 1990:

  (i) the property had a rateable value at 31 March 1990 lower than £1,500 in Greater London or £750 elsewhere; and

(ii) the rent payable for the time being is greater than 2/3rds of the rateable value at 31 March 1990;

(d) if granted on or after 1 April 1990 the rent payable for the time being is between £251 and £100,000 inclusive (or between £1,001 and £100,000 inclusive in Greater London).

There is no maximum term for an AT and therefore any lease can constitute an AT if it satisfies the relevant criteria.

Since 28 February 1997 all ATs will automatically be ASTs (unless the landlord serves notice to the contrary) which gives landlords the right to recover the property at the end of the term of the tenancy. The HA 1988 also entitles a landlord to obtain an order for possession and terminate an AT/AST during its fixed term on proving one of the grounds for possession specified in section 7(6) of the HA 1988. The ground for possession of most concern in relation to long leaseholds is Ground 8 – namely that if the rent is payable yearly (as most ground rents are), at least three months' rent is more than three months in arrears both at the date of service of the landlord's notice and the date of the hearing.

Most leases give the landlord a right to forfeit the lease if rent is unpaid for a certain period of time but the courts normally have power to grant relief, cancelling the forfeiture as long as the arrears are paid off. There are also statutory protections in place to protect long leaseholders from unjustified forfeiture action. However, an action for possession under Ground 8 is not the same as a forfeiture action and the court's power to grant relief does not apply to Ground 8. In order to obtain possession, the landlord will have to follow the notice procedure in section 8 of the HA 1988 and, if the tenant does not leave on expiry of the notice, apply for a court order. However, as ground 8 is a mandatory ground, the court will have no discretion and will be obliged to grant the order if the relevant conditions are satisfied. There is government consultation underway to review residential leasehold law generally and it is anticipated that this issue will be addressed as part of any resulting reforms.

Currently, however, there is a risk that where:

(a) a long lease is also an AT/AST due to the level of the ground rent;

(b) the tenant is in arrears of ground rent for more than 3 months;

(c) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and

(d) the tenant does not manage to reduce the arrears to below 3 months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property.

Breathing Space Regulations

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (SI 2020/1311) (Breathing Space Regulations) (which came into force on 4 May 2021) establishes a scheme which gives eligible individuals in England and Wales with problem debt the right to legal protection from their creditors, including almost all enforcement action, during a period of "breathing space". A standard breathing space will give an individual in England and Wales with problem debt legal protection from creditor action for up to 60 days to receive debt advice; and a mental health crisis breathing space will give an individual in England and Wales protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days following the end of such treatment.

However, the Breathing Space Regulations do not apply to payments on principal and interest, except for arrears which are uncapitalised at the date of the application under the Breathing Space Regulations and interest, fees or any other charges on those arrears. 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 their 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.

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.

In Scotland, eligible individuals are afforded similar legal protection under the Bankruptcy (Scotland) Act 2016 although the moratorium period of 42 days is shorter than in England and Wales and does not make any accommodation for mental health crisis.

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). The Seller is a signatory to the Mortgage Charter and has agreed that among other things, a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment. In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months (the MC Interest-only Agreement); or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the MC Extension Agreement). These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments do not apply to buy-to-let mortgages, but TSB Bank took the decision to extend support to its buy-to-let customers.

With the effect on and from 30 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 charter is currently voluntary and adhering to it will be a decision for lenders to make individually. 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 Mortgage Charter or related rules.

FCA Consumer Duty

The FCA has published final rules on the introduction of a new consumer duty on regulated firms (Consumer Duty), which aims to set a higher level of consumer protection in retail financial markets. The FCA published its final rules on the Consumer Duty in July 2022, which provide 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 Financial Services and Markets Act 2000 (FSMA).

There are three main elements to the new Consumer Duty, comprising a new consumer principle, that "a firm must act to deliver good outcomes for the retail consumers 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 consumer and the outcomes include an obligation to

ensure that the product (for example, a mortgage loan) provides fair value to the retail customer. All firms must comply with these obligations (as with the remainder of the Consumer Duty) and demonstrate adequate monitoring of customer outcomes.

The Consumer Duty will apply in respect of Regulated Mortgage Contracts (as well as loans falling within the consumer credit regime). It will apply to product manufacturers and distributors, which include purchasers of in scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty will not apply retrospectively, the FCA will require firms to apply the Consumer Duty to existing products on a forward-looking basis. It is not yet possible to predict the precise effect of the new Consumer Duty on the Loans with any certainty.

WEIGHTED AVERAGE LIVES OF THE CLASS A NOTES

The average lives of the Class A 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 Class A Notes can be made based on certain assumptions. For example, based on the assumptions that:

(a) in the first scenario, the Issuer exercises its option to redeem the Class A Notes in accordance with Condition 7.3(a) (*Optional Redemption of the Class A Notes*) on the Step-Up Date, or, in the second scenario, the Issuer does not exercise its option to redeem the Class A Notes on the Step-Up Date;

(b) the Class A Target Amortisation Amount has been predetermined up to the Step-Up Date;

(c) the Subordinated Noteholder does not advance additional amounts to the Issuer to meet any applicable Class A Shortfall Amount prior to the Step-Up Date;

(d) all Available Principal Receipts remaining after paying the Class A Notes down to the applicable Class A Target Amortisation Amount will be used to purchase New Portfolios;

(e) the New Portfolios have the same characteristics and follow the same amortisation schedule as the original pool;

(f) the Loans are subject to a constant annual rate of prepayment (exclusive of scheduled principal redemptions) of between 5 and 30 per cent. per annum as shown on the table below;

(g) loans subject to a reversion mechanic are assumed to prepay at a 30 per cent rate on their reference reversion date;

(h) the Security has not been enforced;

(i) the Mortgages continue to be fully performing;

(j) the ratio of the Principal Amount Outstanding of the Class A Notes to the Current Balance of the Provisional Portfolio as at the Reference Date is 89 per cent.; and

(k) the weighted average lives have been calculated on an Actual/365 basis.

Possible Average Life of Class A Notes in Years

	Assuming Issuer call on Step-Up Date	**Assuming no Issuer call on Step-Up Date**
CPR	**Class A Notes**	**Class A Notes**
5.0%	4.54	8.74
10.0%	4.54	7.33
15.0%	4.54	6.58
20.0%	4.54	6.12
25.0%	4.54	5.81
30.0%	4.54	5.60

The average lives of the Class A 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 "*Risk Factors — Risks related to the structure — Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*" above.

TAXATION

United Kingdom Taxation

*The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs (**HMRC**) practice relating only to United Kingdom withholding tax treatment of payments of interest in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. References to "interest" refer to interest as that term is understood for United Kingdom tax purposes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Each prospective Noteholder is urged to consult its own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the Notes under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the prospective Noteholder may be subject to tax.*

In this summary, references to "Notes" and "Noteholder" exclude the Subordinated Note and the Subordinated Noteholder. The Subordinated Noteholder is urged to consult its own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the Subordinated Note under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the Subordinated Noteholder may be subject to tax.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom 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 ITA 2007 for the purposes of section 987 of the ITA 2007.The London Stock Exchange is a recognised stock exchange for such purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part VI of the FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any available exemptions and reliefs, including an exemption for certain payments of interest to which a company within the charge to United Kingdom corporation tax is beneficially entitled. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) 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 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as 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 Notes, 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 and 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. 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.

The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common financial transaction tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited (as **Arranger** and **Joint Lead Manager**), Banco de Sabadell, S.A., BNP Paribas and Banco Santander, S.A. (each a **Joint Lead Manager**), and together with Citigroup Global Markets Limited, the **Joint Lead Managers**) have entered into a subscription agreement dated on or about 21 May 2024 with the Seller and the Issuer (the **Subscription Agreement**), pursuant to which, as at the Closing Date, the Joint Lead Managers have agreed (subject to certain conditions) to subscribe and pay for 100 per cent. of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes.

The Joint Lead Managers may sell their allocation of the Class A Notes 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 the Class A Notes.

TSB Bank (as the Subordinated Note Purchaser) has also agreed with the Issuer pursuant to the Subscription Agreement (subject to certain conditions) to subscribe and pay for the Subordinated Note in an initial principal amount of £ 61,798,000:

The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than admission of the Class A Notes to the regulated market of the London Stock Exchange and admission of the Class A Notes to the Official List, no action has been taken by the Issuer, the Joint Lead Managers or the Arranger, which would or is intended to permit a public offering of the Class A Notes, or possession or distribution of this Prospectus or other offering material relating to the Class A Notes, in any country or jurisdiction where action for that purpose is required.

The Joint Lead Managers have agreed not to offer or sell, directly or indirectly, Notes, or to distribute or publish this Prospectus or any other material relating to 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.

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.

Pursuant to the Subscription Agreement, TSB Bank (in its capacity as originator, for the purposes of (i) the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with the EU Securitisation Regulation) will undertake to the Joint Lead Managers and the Arranger that it will (A) retain on an ongoing basis the Retained Interest in accordance with (i) the UK Retention Requirement and (ii) the EU Retention Requirement (subject to the Retained Interest), (B) comply with the disclosure obligations under (i) Article 7(1)(e)(iii) of the UK Securitisation Regulation by confirming the Retained Interest of the Seller as contemplated by Articles 6(1) and 6.3(d) of the UK Securitisation Regulation and (ii) (as such legislation is in force as at the Closing Date) Article (7)(1)(e)(iii) of the EU Securitisation Regulation by confirming the risk retention of the Seller as contemplated by Article 6(1) of the EU Securitisation Regulation, (C) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Interest except to the extent permitted under the UK Securitisation Regulation or as would be permitted as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation and (D) not change the manner or form in which it holds the Retained Interest.

As at the Closing Date, the UK Retention Requirement and the EU Retention Requirement will each be satisfied by the Seller holding the first loss tranche, in this case, represented by the retention by the Seller of the Subordinated Note, (i) in accordance with Article 6(3)(d) of the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with Article 6(3)(d) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) as though Article 6 of the EU Securitisation Regulation applied to the transaction, not taking into account any relevant national measures, but solely as such articles are interpreted and applied on the Closing Date, **provided that** on and from the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained), references to, and obligations in respect of, the EU Securitisation Regulation shall not apply.

Any change to the manner in which such interest is held will be notified to the Noteholders.

Except with the prior written consent of the Seller in the form of a U.S. Risk Retention Consent and where such sale falls within the exemption provided by Section __.20 of the U.S. Risk Retention Rules, the Notes offered and sold on the Closing Date may not be purchased by, or for the account or benefit of Risk Retention U.S. Persons.

Prospective investors should note that the definition of "U.S. persons" 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 that persons who are not "U.S. Persons" under Regulation S may be "U.S. Persons" under the U.S. Risk Retention Rules. In any event, 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 Notes may be sold or transferred to, or for the account or benefit of, Risk Retention U.S. Persons. Each purchaser of the Notes, or a beneficial interests therein, acquired in the initial syndication of the Notes, by its acquisition of the Notes or beneficial interest therein, will be deemed to have made certain representations and agreements, including that it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent from the Seller, (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). Any Risk Retention U.S. Person wishing to purchase Notes must inform the Seller and the Arranger that it is a Risk Retention U.S. Person.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold 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 the registration requirements of the Securities Act or any applicable securities laws of any state or other jurisdiction of the United States. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering and the closing date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells 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 or benefit of, U.S. persons. See "*Transfer Restrictions*" below.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Lead Manager 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 United Kingdom. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Other regulatory restrictions

Each Joint Lead Manager has represented warranted and agreed, *inter alia*, 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 the 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 United Kingdom.

Each Joint Lead Manager has acknowledged that, save for the Issuer having obtained the approval of this Prospectus as a prospectus in accordance with Part VI of FSMA and having applied for the admission of the Class A Notes to the regulated market of the London Stock Exchange and admission of the Class A Notes to the Official List, no further action has been or will be taken in any jurisdiction by each Joint Lead Manager 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.

Prohibition of Sales to EEA Retail Investors

Each of 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 European Economic Area. 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 EU MiFID II"); or

(ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or

(iii) not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

General

Each Joint Lead Manager has agreed 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.

The Arranger and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Seller and its affiliates in the ordinary course of business. The Arranger and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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

TRANSFER RESTRICTIONS

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (other than the Joint Lead Managers and the Subordinated Noteholder) (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 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 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 or (ii) pursuant to an effective registration statement under 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;

(b) 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) above, (iii) such transferee shall be deemed to have represented that such transferee is 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; and

(c) the Issuer, TSB Bank and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes bear a legend to the following effect:

"THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THE NOTES ARE BEING OFFERED, SOLD OR DELIVERED ONLY TO NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (REGULATION S)) OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S."

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. The legal entity identifier (**LEI**) of the Issuer is: 635400PGAEKS4EJD2S26

2. It is expected that the admission of the Class A Notes to the Official List and the admission of the Class A Notes to trading on the regulated market of the London Stock Exchange will be granted on or about the Closing Date. Prior to listing, however, dealings will be permitted by the London 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. The Subordinated Note will not be listed.

3. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since the date of incorporation of the Issuer which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer (as the case may be).

4. The independent auditors of the Issuer are KPMG LLP. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales. No statutory or non-statutory accounts within the meaning of Section 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 Class A Notes are admitted to trading on the regulated market of the London Stock Exchange, 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.

5. For so long as the Class A Notes are listed on the Official List and traded on the regulated market of the London Stock Exchange, the Issuer shall maintain a Principal Paying Agent in the United Kingdom.

6. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.

7. Since 7 February 2024 (being the date of incorporation of the Issuer and Holdings), there has been (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial position of the Issuer or Holdings.

8. The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 20 May 2024.

9. The Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN Numbers and Common Codes:

Class	ISIN		Common Code	
Class A Notes	Reg S:	XS2793346391	Reg S:	279334639

10. The Class A Notes have the following CFI and FISN codes:

Class	CFI	FISN
Class A Notes	DAVXFB	DUNCAN FUNDING/VARASST BKD 20710731

11. From the date of this Prospectus and for so long as the Class A Notes remain outstanding (including during the period while the Notes are listed on the Official List) and traded on the regulated market of the London Stock Exchange, copies of the following documents may be inspected at the registered office of the Issuer during usual business hours, on any weekday (public holidays excepted):

    (f) the Memorandum and Articles of Association of each of the Issuer and Holdings;

    (g) copies of the following documents:

a. the Agency Agreement;

b. the Deed of Charge;

c. the Initial Scottish Charge;

d. the Mortgage Sale Agreement;

e. the Initial Scottish Declaration of Trust;

f. the Cash Management Agreement;

g. the Bank Account Agreement;

h. the Custody Agreement;

i. the Servicing Agreement;

j. the Corporate Services Agreement;

k. the Master Definitions and Construction Schedule;

l. the Trust Deed;

m. the Interest Rate Swap Agreement; and

n. the Back-up Swap Agreement.

12. Other than the Quarterly Reports and the Loan Level Information to be published by the Cash Manager within one month of each Interest Payment Date, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.

Each Quarterly Report and Loan Level Information will be published: (a) in accordance with Article 10 of the UK Securitisation Regulation, on a securitisation repository at https://www.euroabs.com/IH.aspx?d=22351 ; or (b) in accordance with Article 10 of the EU Securitisation Regulation on a website of EuroABS at https://www.euroabs.com/IH.aspx?d=22351 or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller) respectively (such websites being, together, the **Reporting Websites**), and the Cash Flow Model will be published by means of the website of EuroABS at https://www.euroabs.com/IH.aspx?d=22351. None of the reports or the websites or the contents thereof form part of this Prospectus.

13. 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.

14. The Seller will procure that the Issuer shall publish the following information, which shall be made available the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes (to the extent required under the UK Securitisation Regulation) in accordance with Article 7(1) of the UK Securitisation Regulation:

(f) simultaneously, at least each quarter and within one month of the relevant Interest Payment Date, ongoing information in relation to the Loans in the Portfolio in accordance with the requirements of Articles 7(1)(a) and (e) of the UK Securitisation Regulation, the UK Article 7 Technical Standards (including the UK Disclosure Templates) and Article 22(5) of the UK

Securitisation Regulation the UK Investor Report, UK Loan Level Information, and a Cash Flow Model;

(g) prior to the pricing of the Notes, information in relation to the Loans in the Portfolio in accordance with the requirements of Articles 7(1)(a) of the UK Securitisation Regulation, the UK Article 7 Technical Standards (including the UK Disclosure Templates) and Article 22(5) of the UK Securitisation Regulation;

(h) copies of documents required by Article 7(1)(b) of the UK Securitisation Regulation, including certain Transaction Documents, this Prospectus and any supplements thereto, (in draft form, if applicable) prior to the pricing of the Notes and (in final form, if applicable) at the latest 15 days after the issuance of the Notes;

(i) prior to the pricing of the Notes, the draft STS Notification, and, on or about the date of this Prospectus, the final STS Notification, pursuant to Article 7(1)(d) and in accordance with Article 27 of the UK Securitisation Regulation (and prepared in accordance with the UK STS Notification Technical Standards); and

(j) without delay, any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (including the UK Disclosure Templates),

in each case in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation by means of the UK Securitisation Repository at the website of EuroABS at https://www.euroabs.com/IH.aspx?d=22351. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Any documents provided in draft form are subject to amendment and completion without notice.

15. The Seller will procure in respect of its contractually agreed obligations that the Issuer shall publish the following information, which shall be made available the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes (to the extent required under the EU Securitisation Regulation) in accordance with Article 7(1) of the EU Securitisation Regulation:

(a) simultaneously, at least each quarter and within one month of the relevant Interest Payment Date, ongoing information in relation to certain loan-level information in relation to the Portfolio in accordance with the requirements of Articles 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards applicable as at the Closing Date; and

(b) without delay, any (i) inside information relating to the Issuer which the Issuer determines it is obliged to make pursuant to Article 17 of EU MAR and Article 7(1)(f) of the EU Securitisation Regulation and will be disclosed to the public by the Issuer; or (ii) any significant event pursuant to Article 7(1)(g) of the EU Securitisation Regulation, in each case in accordance with the EU Article 7 Technical Standards.

16. In the case of each of the Seller's contractually agreed obligations under Article 7 of the EU Securitisation Regulation described above such obligations only apply:

(a) as such articles and/or requirements under the EU Securitisation Regulation and the EU Article 7 Technical Standards described above are interpreted and applied solely on the Closing Date and not taking into account any relevant national measures (and, for the avoidance of doubt, none of the Issuer, the Servicer or Seller will be under any obligation to comply with any amendments to applicable EU technical standards, guidance or policy statements introduced above after the Closing Date);

(b) in the form or template prescribed under the EU Securitisation Regulation and the EU Article 7 Technical Standards as at the Closing Date only or in the form as the Issuer, the Seller, the Servicer and the Cash Manager may otherwise agree in writing and who shall consult in good faith regarding the reporting contemplated under this section;

(c) until the applicable SR Equivalency Date (for so long as SR Equivalency is maintained);

(d) subject always to any requirement of law; and

(e) provided that:

(i) none of the Issuer, the Servicer or the Seller will be in breach of such obligation if it fails to so comply due to events, actions or circumstances beyond its control; and

(ii) the Issuer, the Seller, the Servicer and the Cash Manager are only required to comply with such obligations to the extent that the disclosure requirements under Article 7 of the EU Securitisation Regulation and EU Article 7 Technical Standards (in each case, as in force as at the Closing Date) remain in effect.

17. The Seller acknowledges and agrees with the Issuer that for the purposes of Article 7(2) of the UK Securitisation Regulation, the Seller has been designated as the entity to fulfil the requirements of Article 7 of the UK Securitisation Regulation.

18. The estimated total expenses related to the admission to trading of the Notes will be £6,850 (exclusive of VAT).

19. The Seller, as originator, has made available data on static and dynamic historical default and loss performance for substantially similar exposures to those being securitised to potential investors before pricing for purposes of Article 22(1) of the UK Securitisation Regulation.

INDEX OF TERMS

REGISTERED OFFICE OF THE ISSUER

DUNCAN FUNDING 2024-1 PLC
10th Floor
5 Churchill Place
London E14 5HU

SELLER, SERVICER, CASH MANAGER, DEMATERIALISED NOTE REGISTRAR and SUBORDINATED NOTEHOLDER

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120 George Street
Edinburgh EH2 4LH

ARRANGER

Citigroup Global Markets Limited
Citigroup Centre, Canada Square, Canary Wharf
London E14 5LB

INTEREST RATE SWAP PROVIDER

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120 George Street
Edinburgh EH2 4LH

BACK-UP SWAP PROVIDER

Lloyds Bank Corporate Markets Plc
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London, EC2V 7HN

JOINT LEAD MANAGERS

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London EC1A 1HQ

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39004 Santander, Spain

BNP Paribas
16 boulevard des Italiens
75009 Paris, France

ISSUER ACCOUNT BANK, CUSTODIAN, AGENT BANK, AND PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
160 Queen Victoria Street,
London EC4V 4LA

NOTE TRUSTEE AND SECURITY TRUSTEE

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BACK-UP SERVICING FACILITATOR

CSC Capital Markets UK Limited
10th Floor, 5 Churchill Place, London E14 5HU

LEGAL ADVISERS TO SELLER, SERVICER, CASH MANAGER, INTEREST RATE SWAP PROVIDER AND SUBORDINATED NOTEHOLDER

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(as to Scottish law)
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Edinburgh EH1 2EN

LEGAL ADVISERS TO ARRANGER, JOINT LEAD MANAGERS AND BACK-UP SWAP PROVIDER

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Canary Wharf, United Kingdom

LEGAL ADVISERS TO NOTE TRUSTEE AND SECURITY TRUSTEE

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