

IMPORTANT NOTICE

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IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING. THE FOLLOWING APPLIES TO THE PROSPECTUS FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PROSPECTUS. IN ACCESSING THE PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS. YOU ACKNOWLEDGE THAT YOU WILL NOT FORWARD THIS ELECTRONIC FORM OF THE PROSPECTUS TO ANY OTHER PERSON.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN INVITATION OR OFFER TO SELL, OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY, SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**), AND THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE SECURITIES WILL BE OFFERED AND SOLD IN THE UNITED STATES TO A LIMITED NUMBER OF QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A OF THE SECURITIES ACT) IN RELIANCE ON RULE 144A OF THE SECURITIES ACT.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE PROSPECTUS FOLLOWING THIS PAGE HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED AND YOU MAY NOT, NOR ARE YOU AUTHORISED TO, DELIVER THE PROSPECTUS TO ANY OTHER PERSON. THIS PROSPECTUS IS BEING SENT AT YOUR REQUEST AND BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREED TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE EITHER (I) NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT), AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS E-MAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES OR ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR THE DISTRICT OF COLUMBIA OR (II) A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER

THE SECURITIES ACT) IN EACH CASE ACTING FOR YOUR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS, AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLES 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005 OR A CERTIFIED HIGH NET WORTH INDIVIDUAL WITHIN ARTICLE 48 OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005.

The prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Bridgegate Funding PLC (the **Issuer**), The Mortgage Business Public Limited Company (the **Seller**), Citigroup Global Markets Limited (**Citi**, a **Joint Arranger** and a **Joint Lead Manager**) and Lloyds Bank Corporate Markets plc (**LBCM** and a Joint Lead Manager and together with Citi, the **Joint Lead Managers** and a Joint Arranger and together with Citi, the **Joint Arrangers**) nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

This prospectus has been prepared by the Issuer solely for use in connection with the sale of the Notes offered pursuant to the prospectus. The prospectus is personal to each offeree to whom it has been delivered by the Issuer and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of the prospectus to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective investor in the United States, by accepting delivery of the prospectus, agrees to the foregoing and to make no photocopies of the prospectus or any documents related hereto and, if the offeree does not purchase any note or the offering is terminated, to return the prospectus and all documents attached hereto to the Joint Lead Managers.

The Notes are offered subject to prior sale or withdrawal, cancellation or modification of this offering without notice. The Issuer and the Joint Lead Managers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective purchaser less than the full amount of Notes sought by such investor.

You acknowledge that you have been afforded an opportunity to request from the Issuer, and have received and reviewed, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained or incorporated by reference in the prospectus. You also acknowledge that you have not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with the investigation of the accuracy of such information or your investment decision. The contents of the prospectus are not to be construed as legal, business or tax advice. Each prospective purchaser should consult its own attorney, business adviser and tax adviser for legal, business and tax advice relating to an investment in the Notes.

The terms of the issue, the transactions and the Transaction Documents described in this prospectus are not yet final and, without limitation, are subject to updating, further detailed negotiation, amendment, verification and completion. This prospectus has not been fully reviewed or approved by the rating agencies (which are expected to assign ratings to some or all of the securities) and has not been reviewed by the transaction parties.

Once finalised, we will send you a copy of the final form of the prospectus. You are reminded that any investment decision as to any purchase of securities must be made solely on the basis of information contained or incorporated by reference in the final form of the prospectus and that no reliance may be placed on the completeness or accuracy of the information contained or incorporated by reference in the prospectus or any other documents. No representation, warranty or undertaking is made hereby or to be implied by any person as to the completeness, accuracy or fairness of the information contained or incorporated by reference in the

prospectus and none of the Issuer, Citi or LBCM (or any affiliate of any such person) or any other person accepts any liability or responsibility whatsoever in respect hereof. No representation or warranty is made by the Joint Lead Managers, the Issuer or any other person as to the legality under legal investment or similar laws of an investment in the Notes or the classification or treatment of the Notes under any risk weighting, securities valuation, regulatory accounting or other financial institution regulatory regimes of the National Association of Insurance Commissioners, any state insurance commissioner, any federal or state banking authority, or any other regulatory body. You should obtain your own legal, accounting, tax and financial advice as to the desirability of an investment in the Notes, and the consequences of such an investment.

Neither the Joint Lead Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for any acts or omissions of the Issuer, the Seller or any other person (other than the relevant Joint Lead Manager) in connection with the issue and offering of the Notes.

Neither the Notes nor the Certificates have been and nor will they be registered under the United States Securities Act 1933, as amended (the Securities Act), or the securities laws of any state or other jurisdiction of the United States, and neither the Notes nor the Certificates may be offered or sold (i) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (Regulation S)) except to persons that are "qualified institutional buyers" (QIBs) as defined in Rule 144A under the Securities Act (Rule 144A) acting for their own account or for the account of one or more QIBs in reliance on Rule 144A, or (ii) in transactions that occur outside the United States, except to persons other than U.S. persons in accordance with Regulation S and, in each case, in compliance with any applicable state or local securities laws. Prospective purchasers are hereby notified that sellers of the Notes and the Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes and the Certificates will be subject to restrictions on resale and transfer. See "Subscription, Sale and Selling Restrictions" and "Transfer Restrictions and Investor Representations".

BRIDGEGATE FUNDING PLC

(Incorporated in England and Wales with limited liability, registered number 14223931)

Legal Entity Identifier: 213800AMOVZ8X4YGP617

Securitisation Transaction Unique Identifier: 213800AMOVZ8X4YGP617N202301

Class	Initial Class Principal Amount	Issue Price	Reference Rate ⁽¹⁾	Initial Margin (per annum)	Step-Up Margin (per annum)	First Optional Redemption Date ⁽²⁾	Expected Ratings ⁽³⁾ (S&P/Fitch)	Final Redemption Date
A	£2,317,612,000.00	99.427%	Compounded Daily SONIA	1.50 per cent.	2.25 per cent	Interest Payment Date falling in April 2026	AAA/AAA	Interest Payment Date falling in October 2062
B	£137,953,000.00	97.850%	Compounded Daily SONIA	2.25 per cent	3.25 per cent	Interest Payment Date falling in April 2026	AA+/AA	Interest Payment Date falling in October 2062
C	£96,567,000.00	96.630%	Compounded Daily SONIA	3.00 per cent	4.00 per cent	Interest Payment Date falling in April 2026	AA-/A	Interest Payment Date falling in October 2062
D	£55,181,000.00	96.680%	Compounded Daily SONIA	4.00 per cent	5.00 per cent	Interest Payment Date falling in April 2026	A/BBB	Interest Payment Date falling in October 2062
E	£41,386,000.00	96.330%	Compounded Daily SONIA	5.00 per cent	6.00 per cent	Interest Payment Date falling in April 2026	BBB+/BB	Interest Payment Date falling in October 2062
F	£41,386,000.00	90.950%	Compounded Daily SONIA	6.00 per cent	7.00 per cent	Interest Payment Date falling in April 2026	BB+/CCC	Interest Payment Date falling in October 2062
X	£20,693,000.00	95.270%	Compounded Daily SONIA	9.00 per cent	N/A	Interest Payment Date falling in April 2026	BBB-/CC	Interest Payment Date falling in October 2062
Z	£68,977,000.00	31.59479%	N/A	N/A	N/A	Interest Payment Date falling in April 2026	NR/NR	Interest Payment Date falling in October 2062
R	£35,868,000.00	0.29350%	N/A	N/A	N/A	Interest Payment Date falling in April 2026	NR/NR	Interest Payment Date falling in October 2062
Class S1 Certificates ⁽⁶⁾	N/A ⁽⁴⁾	N/A	N/A	Class S1 Certificate Payment ⁽⁵⁾	N/A	N/A	NR/NR	N/A
Class S2 Certificates ⁽⁶⁾	N/A ⁽⁴⁾	N/A	N/A	Class S2 Certificate Payment ⁽⁵⁾	N/A	N/A	NR/NR	N/A
Residual Certificates ⁽⁶⁾	N/A ⁽⁴⁾	N/A	N/A	N/A ⁽⁵⁾	N/A	N/A	NR/NR	N/A

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes and the Class R Notes are collectively the **Notes**. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the

Class X Notes are collectively the **Rated Notes**. The Class Z Notes and the Class R Notes are collectively the **Unrated Notes**. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes are collectively the **Floating Rate Notes**.

The Certificates are not being offered by this Prospectus.

- (1) The rate of interest payable on each class of Floating Rate Notes and each accrual period will be based on a per annum rate equal to the SONIA Reference Rate plus the Initial Margin or the Step-Up Margin (as applicable) as described above.
- (2) The First Optional Redemption Date is the Interest Payment Date in April 2026. The first Interest Payment Date will occur on the Interest Payment Date falling in April 2023, and thereafter will occur on the Interest Payment Date falling in January, April, July and October in each year.
- (3) A designation of "NR" means that the Rating Agencies will not rate that Class of Notes or Certificate as of the Closing Date. The Class Z Notes, the Class R Notes and the Certificates will not be rated by any Rating Agency.
- (4) The Certificates do not have a principal amount outstanding. See the section entitled "*Transaction Overview – Summary of the Terms and Conditions of the Notes and the Certificates*".
- (5) No rate of interest is earned on the Certificates.
- (6) The Certificates are not being offered by this Prospectus.
- (7) Any reference in this Prospectus to a **Class S Certificate** shall be a reference to either, or both, of the Class S1 Certificate and the Class S2 Certificate, as the case may be. The holders of the Class S Certificates are referred to in this Prospectus as **Class S Certificateholders**.

The Certificates are not being offered by this prospectus and will be issued on the Closing Date to the Seller and represent a right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer. Immediately following the issue of the Certificates to the Seller on the Closing Date, the Seller will transfer 5 per cent. of the Certificates to the Retention Holder. The Seller expects to transfer (i) the Class S Certificates to the Sponsor Administrator, and (ii) 95 per cent. of the Residual Certificates to one or more third party investors pursuant to a private placement transaction. LBCM will be required to retain no less than 5 per cent. of the nominal value of each Class of Notes and the Certificates for as long as required under the U.S. Credit Risk Retention Requirements (as defined below) and no less than 5 per cent. of the nominal value of each Class of Notes, the Class S1 Certificates and the Class S2 Certificates for as long as required under the UK Securitisation Regulation and pursuant to the EU Securitisation Regulation. See "*Certain Regulatory Disclosures – U.S. Credit Risk Retention*" and "*Certain Regulatory Disclosures – UK Securitisation Regulation - and EU Securitisation Regulation*".

Any transferee or purchaser of any Certificate is prohibited from relying on this Prospectus in connection with any such transaction.

JOINT ARRANGERS

Lloyds Bank Corporate Markets plc

Citigroup Global Markets Limited

JOINT LEAD MANAGERS

Lloyds Bank Corporate Markets plc

Citigroup Global Markets Limited

The date of this Prospectus is 17 January 2023.

Issue Date	The Issuer will issue the Notes on or about 19 January 2023 (the Closing Date).
Standalone/ programme issuance	Standalone issuance.
Simple, Transparent and Standardised (STS) Securitisation	The Notes are not intended to be designated as a UK STS securitisation or an EU STS securitisation for the purposes of the UK Securitisation Regulation or the EU Securitisation Regulation.
Listing	<p>This document comprises a prospectus (the Prospectus) for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the EUWA) (the UK Prospectus Regulation).</p> <p>This Prospectus has been approved as a prospectus by the Financial Conduct Authority (the FCA) as the competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval 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. This document does not comprise a prospectus for the purposes of the EU Prospectus Regulation (where the EU Prospectus Regulation means Regulation (EU) 2017/1129).</p> <p>Such approval relates to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes (together, the Rated Notes) and the Class Z Notes and the Class R Notes (together, the Unrated Notes and together with the Rated Notes, the Notes), which Notes are to be admitted to trading on the regulated market of the London Stock Exchange or other regulated markets for the purposes of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (UK MiFIR) and/or are to be offered to the public in the UK.</p> <p>Application has been made to the FCA for the Notes to be admitted to the official list (the Official List) and traded on its regulated market (the Regulated Market). Each of the Class S Certificates and Residual Certificates (the Certificates) are not and will not be listed or admitted to trading. The Certificates are not being offered by this Prospectus. Information contained in this Prospectus relating to the Certificates is included herein for completeness.</p> <p>This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.</p> <p>The Prospectus is valid for 12 months from its date. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply once the Notes are admitted to the Official List and trading on its regulated market.</p>
UK Benchmarks Regulation	Amounts payable on the Floating Rate Notes are calculated by reference to the Sterling Overnight Index Average (SONIA). As at the date of this Prospectus, the

administrator of SONIA is not included in the FCA's register of administrators under Article 36 of Regulation (EU) No 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the UK Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.

The Notes

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the **Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and the Notes may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and any applicable state or local securities laws. Accordingly, the Notes are being offered and sold only (i) in the United States, to persons that are "qualified institutional buyers" (**QIBs**) as defined in Rule 144A under the Securities Act (**Rule 144A**) acting for their own account or for the account of one or more other QIBs in reliance on Rule 144A, or (ii) in transactions outside the United States to persons other than U.S. persons in reliance on Regulation S and, in each case, in compliance with any applicable state or local securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on offers, sales and transfers of Notes in this Prospectus, see "*Subscription, Sale and Selling Restrictions*" and "*Transfer Restrictions and Investor Representations*".

The Notes offered pursuant to Rule 144A are referred to herein as **Rule 144A Notes** and the Notes offered pursuant to Regulation S are referred to herein as **Regulation S Notes**. Rule 144A Notes issued in global form are referred to herein as **Rule 144A Global Notes** and Regulation S Notes issued in global form are referred to herein as **Regulation S Global Notes**. Collectively, Rule 144A Global Notes and Regulation S Global Notes are referred to herein as **Global Notes**.

The Volcker Rule

The Issuer is not now, and immediately after giving effect to any offering and sale of Notes and the application of the proceeds thereof will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the U.S. Bank Holding Company Act of 1956, as amended (commonly known as the **Volcker Rule**). In reaching this conclusion, although other statutory or regulatory exemptions under the U.S. Investment Company Act of 1940, as amended (the **Investment Company Act**), and under the Volcker Rule may be available, the Issuer has relied on the determinations that (i) it may rely on an exemption from the definition of "investment company" under Section 3(c)(5)(C) of the Investment Company Act and (ii) it was structured so as not to constitute a "covered fund" for the purposes of the Volcker Rule. Any prospective investor in the Notes or Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See the risk factor "*Effects of the Volcker Rule on the Issuer, the Notes and the holders of the Notes*".

Underlying Assets

The Issuer will make payments on the Notes from, inter alia, payments of principal and revenue received from a portfolio comprising owner-occupied and buy-to-let loans, which are secured over residential properties located in England and Wales, Scotland and Northern Ireland (the **Portfolio** or **Mortgage Portfolio**), the equitable

or beneficial interest in which will be sold to the Issuer by The Mortgage Business Public Limited Company (referred to in this Prospectus as the **Seller**) on the Closing Date.

See the sections entitled "*Transaction Overview – Portfolio and Servicing*", "*The Loans*" and "*Characteristics of the Provisional Portfolio*" for further details.

Credit Enhancement

Credit enhancement of each Class of Notes is provided in the following manner:

- over-collateralisation funded by Notes ranking junior to such Class of Notes in the Priority of Payments;
- Available Revenue Receipts applied to reduce any debit balance on the Principal Deficiency Ledger;
- any amounts standing to the credit of the Credit Reserve Fund to make a Credit Reserve Fund Payment and any amounts in excess of the Credit Reserve Fund Required Amount;
- following service of an Enforcement Notice, all amounts standing to the credit of the Credit Reserve Fund and the Liquidity Reserve Fund (if any) will be applied as Available Principal Receipts in accordance with the Post-Enforcement Priority of Payments; and
- in respect of the Class Z Notes only, prior to the service of an Enforcement Notice and provided that the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes have been redeemed in full, amounts standing to the credit of the Credit Reserve Fund (if any) will be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

See the sections entitled "*Transaction Overview – Credit Structure and Cashflow*" and "*Credit Structure*" for further details. In relation to the Credit Reserve Fund, see the section entitled "*Credit Structure – Credit Reserve Fund*" and in relation to the Liquidity Reserve Fund, see the section entitled "*Credit Structure – Liquidity Reserve Fund*" for further details.

Liquidity Support

Liquidity support for each Class of Notes or Certificates (as applicable) is provided in the following manner:

- the subordination in payment of those Classes of Notes and Certificates ranking junior in the Priority of Payments;
- in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class S Certificates only, prior to the service of an Enforcement Notice all amounts standing to the credit of the Credit Reserve Fund (if any) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments;
- in respect of the Class A Notes, Class B Notes and the Class S Certificates only, prior to the Class A Notes and the Class B Notes being redeemed in full or the service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund (if any) will be applied as Available Revenue

Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay Senior Revenue Amounts; and

- in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes only, the Principal Addition Amounts to cure any Revenue Shortfall (subject, where applicable, to the relevant PDL Condition being satisfied).

See the sections entitled "*Transaction Overview – Credit Structure and Cashflow*" and "*Credit Structure*" for further details.

Redemption Provisions

Information on any optional and mandatory redemption of the Notes is summarised in the section "*Transaction Overview – Overview of the Characteristics of the Notes and Certificates – Redemption of the Notes and Cancellation of Certificates*" and set out in full in Condition 8 (*Redemption*) of the Terms and Conditions of the Notes (the **Conditions**).

Credit Rating Agencies

Standard & Poor's Rating Services, a division of S&P Global Ratings UK Limited (**S&P**) and Fitch Ratings Limited (**Fitch**) (each a **Rating Agency** and together, the **Rating Agencies**).

As at the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom (the **UK**) and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRA Regulation**).

As at the date of this Prospectus, none of S&P and Fitch are established in the European Union and have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **EU CRA Regulation**). The ratings issued by S&P have been endorsed by S&P Global Ratings Europe Limited and the ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited, in each case in accordance with the EU CRA Regulation.

S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited are established in the European Union and registered under the EU CRA Regulation. As such S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited are included in the list of credit rating agencies published by the European Securities and Markets Authority in accordance with the EU CRA Regulation.

Credit Ratings

Ratings are expected to be assigned to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes as set out above on or before the Closing Date. The Class Z Notes and the Class R Notes will not be rated.

The ratings assigned by Fitch to (i) the Class A Notes and the Class B Notes address the likelihood of full and timely payment of current interest due and full and ultimate payment of principal on the Class A Notes and the Class B Notes, and (ii) the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes address the likelihood of full and ultimate payment of interest and principal on such Notes, unless such note is the Most Senior Class, in which case the ratings on the Note address the full and timely payment of current interest due and full and ultimate payment of previously deferred interest and principal.

The ratings assigned by S&P to (i) the Class A Notes and the Class B Notes address the likelihood of full and timely payment of interest and ultimate payment of principal on the Class A Notes and the Class B Notes, and (ii) the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes address the likelihood of ultimate payment of interest and principal on such Notes.

Except as described above, the Seller has not requested a rating of any Class of Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency would rate any Class of Notes, or what rating would be assigned by any such rating agency. Any rating assigned by such other rating agency to a Class of Notes could be lower than the rating assigned by the Rating Agencies to such Class of Notes.

Obligations

The Notes and the Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity named in this Prospectus.

UK and EU Risk Retention

On the Closing Date, Lloyds Bank Corporate Markets plc (the **Retention Holder**), as "sponsor" for purposes of the UK Securitisation Regulation will retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 6(1) of the UK Securitisation Regulation (the **UK Retention Requirements**) and Article 6(1) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) not taking into account any relevant national measures, as if it were applicable to it, but solely as such articles are interpreted and applied on the Closing Date (the **EU Retention Requirements**).

As at the Closing Date, the retention will comprise the Retention Holder holding no less than 5 per cent. of the nominal value of each Class of Notes, the Class S1 Certificates and the Class S2 Certificates in accordance with Article 6(3)(a) of the UK Securitisation Regulation and Article 6(3)(a) of the EU Securitisation Regulation (as if it were applicable to the Retention Holder and solely as it applies on the Closing Date) (together with the interest retained pursuant to the U.S. Credit Risk Retention Requirements (as defined below), the **Retained Interest**).

Any change in the manner in which the Retained Interest is held may only be made in accordance with applicable laws and regulations and will be notified to the Noteholders and Certificateholders in accordance with the Terms and Conditions of the Notes and the Terms and Conditions of the Certificates. See the section entitled "*Certain Regulatory Disclosures*" for further information.

Potential EU affected investors should note that the obligation of the Retention Holder to comply with the EU Retention Requirements is strictly contractual pursuant to the terms of the Risk Retention Letter and applies with respect to Article 6 of the EU Securitisation Regulation together with any binding technical standards solely as in force on the Closing Date.

In addition, to the extent that Article 6 of the EU Securitisation Regulation is amended or new binding technical standards are introduced, the Retention Holder will be under no obligation to comply with such amendments.

Each prospective EU and UK 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 EU Securitisation

Regulation and Article 5 of the UK Securitisation Regulation and any corresponding national measures which may be relevant to such affected investors and none of the Issuer, the Seller, the Servicer, the Retention Holder, the Sponsor Administrator, the Joint Lead Managers, the Joint Arrangers or any other Transaction Party makes any representation that the information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes. Investors and prospective investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

EU Securitisation Regulation means Regulation (EU) 2017/2402, and including the EU Securitisation Rules.

EU Securitisation Rules means (i) applicable regulatory and/or implementing technical standards or delegated regulations, made under the EU Securitisation Regulation (including any applicable transitional provisions); and/or (ii) any relevant guidance and policy statements relating to the application of the EU Securitisation Regulation published by the EBA, the ESMA, the EIOPA (or their successor), collectively, the European Supervisory Authorities or ESAs, including any applicable guidance and policy statements issued by the Joint Committee of ESAs and/or the European Commission.

UK Securitisation Regulation means Regulation (EU) 2017/2402 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (as amended by the European Union (Withdrawal Agreement) Act 2020), including 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 PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto, as amended, varied or substituted from time to time.

EBA means the European Banking Authority.

EEA means the European Economic Area.

EIOPA means the European Insurance and Occupational Pensions Authority.

ESMA means the European Securities and Markets Association.

**U.S. Credit Risk
Retention
Requirements**

TMB as "sponsor" under the U.S. Credit Risk Retention Requirements (in such capacity, the **Sponsor**) is required under Section 15G of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), and the final rules related thereto published on 24 December 2014 in the Federal Register by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the SEC and the Department of Housing and Urban Development (the **U.S. Credit Risk Retention Requirements**), to ensure that it (or a majority-owned affiliate of the Sponsor) acquires and retains (as described in the section entitled "*Certain Regulatory Disclosures – U.S. Credit Risk Retention*") an economic interest in the credit risk of the assets collateralising the issuance of "asset backed securities" on the Closing Date in an amount of no less than 5 per cent. The Sponsor intends to satisfy the U.S. Credit Risk Retention Requirements by having the Retention Holder, as its majority-owned affiliate, acquiring and retaining, directly, an eligible vertical interest (an **EVI**) equal to a minimum of 5 per cent. of the nominal value of each Class of Notes and the Certificates.

For further information regarding the U.S. Credit Risk Retention Requirements and the Retention Holder's compliance with respect thereto, see "*Certain Regulatory Disclosures – U.S. Credit Risk Retention*".

Certificates

The Certificates represent a right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer on the Closing Date, comprising the Class S1 Certificate Payment (in respect of the Class S1 Certificates), the Class S2 Certificate Payment (in respect of the Class S2 Certificates) and the Residual Certificates, in accordance with the Terms and Conditions of the Certificates.

In addition, the Residual Certificates represent the right of the Portfolio Option Holder to exercise the Portfolio Purchase Option.

The Certificates will be issued on the Closing Date to the Seller and immediately following the issue of the Certificates to the Seller on the Closing Date, the Seller will transfer 5 per cent. of the Certificates to the Retention Holder. The Seller expects to transfer (i) the Class S Certificates to the Sponsor Administrator, and (ii) 95 per cent. of the Residual Certificates to one or more third party investors pursuant to a private placement transaction. See the section entitled "*Terms and Conditions of the Certificates*" for further details.

The Certificates are not being offered by this Prospectus and the FCA has not reviewed or approved any information in relation to the Certificates. Any transferee of any Certificate is prohibited from relying on this Prospectus in connection with any such transaction.

The Certificates are not and will not be listed or rated.

Significant Investors

Significant investors in the Notes:

- On the Closing Date, Bank of Scotland will acquire 95 per cent of the Class A Notes.
- On the Closing Date, the Retention Holder will acquire 5 per cent. of each Class of the Notes.
- On the Closing Date, the Joint Lead Managers expect to place 95 per cent. of each of Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class R Notes, Class X Notes, Class Z Notes and the Residual Certificates with one or more third party investors which may include, without limitation, one or more funds, acting directly or through an affiliate.

Significant investors in the Certificates:

- As at the Closing Date (i) the Retention Holder holds 5 per cent. of the Class S Certificates and Residual Certificates, (ii) the Sponsor Administrator holds 95 per cent. of the Class S Certificates, and (iii) 95 per cent. of the Residual Certificates are held by one or more third party investors which may include, without limitation, one or more funds, acting directly or through an affiliate.

The 95 per cent. holding of the Notes and the Residual Certificates will be sufficient to pass or block Noteholder or Certificateholder resolutions in respect of Basic Terms Modifications or resolutions in respect of such Classes of Notes and Certificates, except in the case of the Subordinated Notes Entrenched Rights, the

Class S Certificates Entrenched Rights, the Residual Certificates Entrenched Rights and the Retained Interest Entrenched Rights. Therefore, no assurance can be given that any other Noteholder or Certificateholder will have influence to block or pass certain Noteholder or Certificateholder resolutions in respect of such Classes, other than in respect of the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights.

**Repurchases
securitisation
positions**

of Any purchase or repurchase of positions in the securitisation (including the Notes, or any Certificates (as applicable)) by the Seller (or an entity that is an originator within the meaning of Article 4(1)(13) of the Capital Requirements Regulation (Regulation 575/2013 EC) as it formed part of UK domestic law at 11pm on 31 December 2020, or, from 31 March 2022, within the meaning of Article 4(1)(13) of the Capital Requirements Regulation as it forms part of retained EU law as defined in the EUWA) in relation to the securitisation as a related entity of the Seller (a **Group Originator**)) beyond its contractual obligations would be exceptional, and any such purchase or repurchase, and any repurchase, restructuring or substitution of underlying assets by the Seller (or a Group Originator) beyond its contractual obligations would be made in accordance with prevailing market conditions with parties to them acting in their own interests as free and independent parties (at arm's length).

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 IN THE SECTION.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any of the Rule 144A Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish, upon the request of a holder or of any beneficial owner of such a Note or of any prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is not a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), or is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

UNITED STATES DISTRIBUTION RESTRICTIONS

THE NOTES AND THE CERTIFICATES 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 THEREFORE MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, (A) THE RULE 144A NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS (QIBS) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT IN EACH CASE ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, AND (B) THE REGULATIONS NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE "*SUBSCRIPTION, SALE AND SELLING RESTRICTIONS*" AND "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR ANY OTHER U.S. REGULATORY AUTHORITY AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

IT IS EXPECTED THAT THE CLASS A NOTES WILL BE ERISA-ELIGIBLE NOTES (AS DEFINED HEREIN). EACH PURCHASER AND TRANSFEREE OF ANY NOTE THAT IS AN ERISA ELIGIBLE NOTE (OR INTEREST THEREIN) WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH A NOTE (OR INTEREST THEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), WHICH IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (B) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF (A), (B) AND (C), A **BENEFIT PLAN INVESTOR**), OR (D) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406

OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTE OR ANY INTEREST THEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAW.

EACH PURCHASER AND TRANSFEREE THAT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR WILL BE FURTHER DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE ISSUER, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE AGENT BANK, THE PAYING AGENTS, ANY TRANSFER AGENT, THE REGISTRAR OR ANY OTHER PARTY TO THE TRANSACTIONS REFERRED TO IN THIS PROSPECTUS, OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, OR ANY OF THEIR RESPECTIVE AFFILIATES, HAS PROVIDED, AND NONE OF THEM WILL PROVIDE, ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR (**PLAN FIDUCIARY**), HAS RELIED AS A PRIMARY BASIS IN CONNECTION WITH ITS DECISION TO INVEST IN THE NOTES, AND THEY ARE NOT OTHERWISE UNDERTAKING TO ACT AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF THE NOTES; AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGEMENT IN EVALUATING THE INVESTMENT IN THE NOTES.

EACH PURCHASER AND TRANSFEREE OF ANY NOTE THAT IS NOT AN ERISA-ELIGIBLE NOTE (EACH CLASS OF NOTES OTHER THAN THE CLASS A) OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH NOTE (OR INTEREST THEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR, AND (II) IF IT IS A GOVERNMENTAL, CHURCH OR NON U.S. PLAN, (1) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTE (OR INTEREST THEREIN) WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, OR NON-U.S. LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO ANY SIMILAR LAW, AND (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW. SEE "*ERISA CONSIDERATIONS FOR INVESTORS*".

THIS PROSPECTUS IS NOT A PROSPECTUS FOR THE PURPOSES OF SECTION 12(A)(2) OR ANY OTHER PROVISION OF, OR RULE UNDER, THE SECURITIES ACT.

IMPORTANT NOTICES

THE NOTES AND THE CERTIFICATES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES AND THE CERTIFICATES 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 RETENTION HOLDER, THE SPONSOR ADMINISTRATOR, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE PAYING AGENTS, THE SERVICER, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE COLLECTION ACCOUNT BANK, THE BACK-UP SERVICING FACILITATOR, THE CORPORATE SERVICES PROVIDER, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (TOGETHER, THE "RELEVANT PARTIES"). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES AND THE CERTIFICATES SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.

Each Class of Notes will each be represented on issue by a global certificate in registered form (a **Global Note**). Each Class of Notes may be issued in definitive registered form under certain circumstances.

The Certificates are represented by a global certificate in registered form (a **Global Certificate**). The Certificates may be issued in definitive registered form in certain circumstances.

The Notes are intended to be held in a manner which would allow the European System of Central Banks (as the term is used in the Governing Council of the European Central Bank (the **ECB**)) (**Eurosystem**) eligibility. The Notes will be deposited with one of Euroclear and/or Clearstream, Luxembourg (each an **ICSD** and together the **ICSDs**) as common safekeeper (**Common Safekeeper**) and registered in the name of a nominee of one of the ICSDs acting as common safekeeper (the **New Safekeeping Structure**). A nominee for the Common Depository will be considered the registered holder of the Certificates as shown in the records of Euroclear or Clearstream, Luxembourg. The Common Safekeeper will be the sole legal holder of the Global Notes. The Common Depository will be the sole legal holder of the Global Certificates under the Trust Deed while the Certificates are represented by the Global Certificates. Notwithstanding that the Notes are intended to be held in accordance with the New Safekeeping Structure, this does not mean that any of the Notes will be recognised as eligible collateral for the Eurosystem monetary policy and intra-day operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that all Eurosystem eligibility has been met.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. OTHER THAN OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE UK PROSPECTUS REGULATION BY THE FINANCIAL CONDUCT AUTHORITY, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER OR BY ANY RELEVANT PARTY 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 PART HEREOF NOR ANY OTHER OFFERING DOCUMENT, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT OR OTHER OFFERING MATERIAL OR INFORMATION MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, (INCLUDING THE UNITED KINGDOM) EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE JOINT ARRANGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (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 UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (**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 MANUFACTURER'S 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 MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

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 UNITED KINGDOM (**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 UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018; (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 REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (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.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (**EEA**). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE **EU INSURANCE DISTRIBUTION DIRECTIVE**), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE **EU 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 EU PRIIPS REGULATION.

THE JOINT LEAD MANAGERS, THE RETENTION HOLDER AND EACH PURCHASER AND SUBSEQUENT 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 OUT IN THE SUBSCRIPTION AGREEMENT 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 AND INVESTOR REPRESENTATIONS*". NEITHER OF THE ISSUER NOR ANY RELEVANT PARTY 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.

NONE OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) IS RESPONSIBLE FOR ANY STATEMENT, REPRESENTATION, WARRANTY OR COVENANT OF THE ISSUER CONTAINED IN THE NOTES OR ANY TRANSACTION DOCUMENTS, OR ANY OTHER AGREEMENT OR DOCUMENT RELATING TO THE NOTES OR ANY TRANSACTION DOCUMENT, OR FOR THE EXECUTION, LEGALITY, EFFECTIVENESS, ADEQUACY, GENUINENESS, VALIDITY, ENFORCEABILITY OR ADMISSIBILITY IN EVIDENCE THEREOF.

NEITHER ANY JOINT ARRANGER, ANY JOINT LEAD MANAGER, THE NOTE TRUSTEE NOR THE SECURITY TRUSTEE IS RESPONSIBLE FOR ANY OBLIGATION OF THE RETENTION HOLDER, THE SELLER OR THE ISSUER FOR COMPLIANCE WITH THE REQUIREMENTS (INCLUDING EXISTING OR ONGOING REPORTING REQUIREMENTS) OF ARTICLE 7 OF THE UK SECURITISATION REGULATION OR ARTICLE 7 OF THE EU SECURITISATION REGULATION.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE OF THE ISSUER, THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. 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.

THE SELLER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE SELLER, THE LEGAL TITLE HOLDER, THE SERVICER AND THE SPONSOR*". TO THE BEST OF THE KNOWLEDGE OF THE SELLER, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. 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 SECTION HEADED "*THE SELLER, THE LEGAL TITLE HOLDER, THE SERVICER AND THE SPONSOR*" AND NOT EXCLUDED THEREIN) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE RETENTION HOLDER AND THE SPONSOR ADMINISTRATOR ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE RETENTION HOLDER AND THE SPONSOR ADMINISTRATOR*". TO THE BEST OF THE KNOWLEDGE OF THE RETENTION HOLDER AND THE SPONSOR ADMINISTRATOR, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE RETENTION HOLDER AND THE

SPONSOR ADMINISTRATOR AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE CASH MANAGER AND THE ISSUER ACCOUNT BANK ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CASH MANAGER AND THE ISSUER ACCOUNT BANK AND COLLECTION ACCOUNT BANK*". TO THE BEST OF THE KNOWLEDGE OF THE CASH MANAGER AND THE ISSUER ACCOUNT BANK, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE CASH MANAGER AND THE ISSUER ACCOUNT BANK AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE IN THIS PARAGRAPH) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE NOTE TRUSTEE AND THE SECURITY TRUSTEE*". TO THE BEST OF THE KNOWLEDGE OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE NOTE TRUSTEE AND THE SECURITY TRUSTEE AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE IN THIS PARAGRAPH) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

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THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF ANY RELEVANT PARTY OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES OR CERTIFICATES 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 AND OTHER PAYMENT AMOUNTS IN RESPECT OF THE NOTES AND PAYMENTS ON THE CERTIFICATES WILL BE SUBJECT TO ANY APPLICABLE WITHHOLDING TAXES WITHOUT THE ISSUER OR ANY OTHER PERSON BEING OBLIGED TO PAY ADDITIONAL AMOUNTS THEREFOR.

Capitalised terms used but not defined in certain sections of this Prospectus 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.

In this Prospectus all references to **Sterling, GBP** and **£** are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the **United Kingdom** or **UK**).

In this Prospectus all references to the **FCA** are to the United Kingdom Financial Conduct Authority and all references to the **PRA** are to the United Kingdom Prudential Regulation Authority.

In this Prospectus, words denoting the singular number only shall include the plural number and vice versa and words denoting one gender shall include the other genders, as the context may require. A defined term in the plural which refers to a number of different items or matters may be used in the singular or plural to refer to any (or any set) of those items or matters.

Enforceability of Judgments

The Issuer is a public limited company registered in England and Wales. All of the Issuer's assets are located outside the United States. None of the officers and directors of the Issuer is a resident of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or any such person not residing in the United States with respect to matters arising under the federal securities laws of the United States, or to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in England and Wales, in original actions or in actions for the enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States.

Forward-Looking Statements

Certain matters contained herein are statements which constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Prospectus, including, but not limited to, statements made under the section entitled "*Risk Factors*" 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", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the 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. None of the Relevant Parties has attempted to verify any such statements, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. None of the Relevant Parties assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

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RISK FACTORS

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

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

The Issuer believes that the risks described below are the material risks inherent in the transaction for Noteholders and the Certificateholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes and the Certificates may occur for other reasons and this section of the Prospectus is not intended to be exhaustive, and prospective holders of Notes and/or Certificates should also read the detailed information set out elsewhere in this Prospectus prior to making any investment decision. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes and the Certificates.

Before making an investment decision, prospective purchasers of the Notes and the Certificates should (i) ensure that they understand the nature of the Notes and the Certificates and the extent of their exposure to risk, (ii) consider carefully, in the light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting) and in consultation with such legal, financial, regulatory and tax advisers as it deems appropriate, all the information set out in this Prospectus so as to arrive at their own independent evaluation of the investment and (iii) confirm that an investment in the Notes and the Certificates is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them. The Notes and the Certificates are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in them. Where more than one significant risk factor is present, the risk of loss to any such investor may be significantly increased. In any of such cases, the value of the Notes and/or the Certificates could decline, and the Issuer may not be able to pay all or part of the interest, principal or other amounts payable on the Notes and/or Certificates and investors may lose all or part of their investment. Prospective Noteholders and Certificateholders should take their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of an investment in such instruments. As a result, an investment in the Notes and/or the Certificates involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities and who have conducted appropriate due diligence on the Portfolio, the Notes and the Certificates.

1. RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

The Issuer is solely responsible for making payments on the Notes and Certificates

The Notes and the Certificates will not represent an obligation or be the responsibility of Lloyds Banking Group plc, Bank of Scotland, The Mortgage Business Public Limited Company or any of their affiliates, the Joint Arrangers, the Joint Lead Managers, the Security Trustee, the Note Trustee, the Servicer, the Back-Up Servicing Facilitator, the Cash Manager, the Paying Agents, the Registrar, the Agent Bank or any other party to the Transaction Documents other than the Issuer and therefore any shortfall in the Charged Assets will result in a reduction in the amounts available to the Issuer to pay the Noteholders and the Certificateholders.

The Issuer has a limited set of resources available to make payments on the Notes and Certificates

The Issuer's ability to make payments of principal and interest on the Notes, amounts due in respect of the Certificates and to pay its operating and administrative expenses will depend solely on receipts from the Mortgage Loans in the Mortgage Portfolio, interest earned on the Issuer Accounts, income from any Authorised Investments and amounts available in respect of the Credit Reserve Fund and the Liquidity Reserve Fund (applied in accordance with the terms of the Cash Management Agreement).

Other than the foregoing, the Issuer will not have any other significant sources of funds available to meet its obligations under the Notes, the Certificates and/or any other payment obligations ranking in priority to the Notes and Certificates. If the resources described above cannot provide the Issuer with sufficient funds to enable it to make the required payments on the Notes and the Certificates, any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, subject to the applicable Priority of Payments.

The recourse of the Noteholders and Certificateholders to the Charged Assets following service of an Enforcement Notice is described below (see further "*Legal and Regulatory Risks – Security and insolvency considerations*" below).

The Issuer is not obliged to make payments on the Notes and the Certificates if it does not have enough money to do so, which could adversely affect payments on the Notes and/or the Certificates

The Issuer's ability to pay amounts payable under the Notes and the Certificates will depend upon:

- (a) the Issuer receiving enough funds from receipts from the Mortgage Loans and their Related Security in the Mortgage Portfolio;
- (b) interest earned on the Issuer Accounts; and
- (c) income from any Authorised Investments and amounts available in respect of the Credit Reserve Fund and the Liquidity Reserve Fund (applied in accordance with the terms of the Cash Management Agreement).

If the amounts described above cannot provide the Issuer with sufficient funds to enable it to make the required payments on the Notes and the Certificates, any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, subject to the applicable Priority of Payments.

The timing and amount of payments on the Mortgage Loans could be affected by various factors which may adversely affect payments on the Notes or the Certificates

As at the Reference Date, 12.60 per cent. of the Provisional Portfolio by Current Balance are In Arrears (meaning the relevant Borrower is in arrears by an amount equal to at least one monthly payment past due its term on the relevant Loan), 8.46 per cent. of the Provisional Portfolio by Current Balance are three months or more In Arrears, and in the case of 0.32 per cent. of the Provisional Portfolio by Current Balance the relevant Properties have been repossessed.

Borrowers may default on their obligations under the Mortgage Loans in the Mortgage Portfolio. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic (due to local, national and/or global macroeconomic factors) or housing conditions, changes in tax laws, interest rates, inflation, cost of living, the

availability of financing, yields on alternative investments, political developments and government and regulator policies such as payment accommodations in times of economic stress such as during an epidemic (like the COVID-19 outbreak). Other factors may include geopolitical and economic risks relating to Russia's invasion of Ukraine which could impact the UK economy, in particular by pushing up energy and oil prices and increasing inflation (and increasing the cost of living) further which negatively impact household and business incomes, could have an adverse effect on the ability of Borrowers to make payments on their Mortgage Loans, decrease loan redemption levels, increase loan delinquency rates and increase loan losses, which may also result in losses on the Notes and the Certificates. Interest rates in the UK have increased and are expected to rise further and any further increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay Mortgage Loans. Unemployment, loss of earnings, illness, divorce or widespread health crises or the fear of such crises (including, but not limited to, coronavirus/COVID-19 or other epidemic and/or pandemic diseases) and other similar factors may lead to an increase in delinquencies by, and bankruptcies (and analogous arrangements) of, Borrowers, may weaken economic conditions and reduce the value of affected Properties and could ultimately have an adverse impact on the ability of Borrowers to repay Mortgage Loans.

As a result of recent and any future increases in interest rates, Borrowers with a Variable Rate Loan or a Tracker Rate Loan may increasingly request a variation of the rate of interest payable in respect of their Loan to a Fixed Rate Loan. Such a request may either result in the Borrower being offered an alternative loan from another member of the Lloyds Banking Group with the result that the Borrower's existing Loan in the Mortgage Portfolio is redeemed in full, or a Repurchase Product Switch is made with respect to such Loan and the Loan is repurchased by the Seller. In each case, no new Loan will be sold to the Issuer. This would result in an increase in the prepayment rates and repurchase of the Loans in the Mortgage Portfolio. Prepayments of principal on the Mortgage Loans will be applied to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments (see the section entitled "*Cashflows*" below). Accelerated prepayments will lead to a reduction in the weighted average life of the Notes.

It should be noted that, as at the date of this Prospectus, the UK is experiencing high energy prices, rapid increases in inflation and the cost of living, termed by many as a "cost-of-living crisis" (the cost of living in the UK having risen at its fastest rate in 30 years) which could lead to further economic stress as consumers reduce their household expenditure leading to a negative impact on businesses (in particular those in the retail and service sectors). Developments such as consumer energy price inflation and disruption to global supply chains alongside elevated global demand for goods and supply shortages of specific goods have led to recent inflationary pressure. The UK is also in a rising interest rate environment (in part to curb inflationary rises) and such rises in interest rates are likely to be passed on to consumers leading to an increase in their cost of debt as well as further discouraging expenditure. Risks to the housing market are growing because of rising mortgage rates and tightening lending standards, which may result in adjustments to housing valuations. An increase in housing costs could make current customer borrowing unaffordable, leading to an increase in defaults and higher impairment charges on secured and unsecured retail exposures.

Further inflationary pressure may result in further interest rate increases over time. There is currently some economic uncertainty and concern in relation to potential stagnation or recession. If inflationary pressure on prices combines with suppressed wage growth, there is the potential for stagflation. Widespread economic impacts have the potential to create contagion effects. A deflationary environment may negatively affect property values. Rises in a Borrower's cost of debt and cost of living could lead to increased strain on their ability to service their Mortgage Loans and ultimately lead to losses on the Notes or the Certificates.

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.

In addition, governmental action or inaction in respect of, or responses to, any widespread health crises or such potential crises (such as those mentioned previously), 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. This may result in a loss being incurred upon sale of the Property and/or otherwise affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. If the timing and payment of amounts due in respect of the Mortgage Loans are adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes and no payments being made on the Certificates. 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 payment obligations under the Notes or the Certificates and any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, subject to the applicable Priority of Payments.

The Issuer's ability to pay interest on and/or redeem the Notes on the interest payment or the Final Maturity Dates may be affected by a high rate of default on the Mortgage Loans

The amounts required to pay amounts due on the Notes and the Certificates are generated substantially from payments of interest and principal pursuant to the Mortgage Loans. Where defaults in payment on the Mortgage Loans occur, there is a risk that the payments made under the remaining Mortgage Loans (where no default has occurred) may not be sufficient to pay amounts due on the Notes and the Certificates on the relevant Interest Payment Dates or Final Redemption Date or at all.

The default by a Borrower under a Mortgage Loan in payment of interest and/or principal gives rise to the lender's rights to enforce its security (for example by selling the property) in order to repay the debt secured. There are, however, several requirements which would need to be complied with before proceeds could be realised from such security and be applied in or towards repayment of the related Mortgage Loan. In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee must first obtain possession of the mortgaged property unless the property is vacant. Possession is usually obtained by way of a court order or decree although this can be a lengthy and costly process and the mortgagee or heritable creditor (as applicable) must assume certain risks.

Obtaining possession involves complying with any applicable current or future codes of practice and protocols relating to possession proceedings and obtaining a court order for possession. In Scotland, it is not necessary for the relevant heritable creditor to enter into possession to sell the property; however the enforcement process is similarly involved in Scotland and requires compliance with relevant statutory procedures and with equivalent codes of practice and protocols. There is also a requirement to market the property for a reasonable period in order to ensure a proper price is obtained.

Investors should note in particular in this regard, the FCA COVID-19 Guidance described in the section entitled "*Mortgages and Coronavirus: Tailored Support Guidance*" below and the payment holiday and repossession forbearance measures outlined therein.

The combined effect of the above is that there may be several months between the date of any default occurring under any Mortgage Loan and the time when the proceeds of the sale of the security for such Mortgage Loan are available to repay such Mortgage Loan. During this period there may be no payments made under the relevant Mortgage Loan (thus increasing the amount of the arrears) and there may also be costs and expenses (for example maintenance costs, insurance premiums, and/or the costs

of providing services and/or enforcing the security) relating to the property which would need to be discharged. There can be no assurance, at the end of such process, that such realisation proceeds would be sufficient to discharge payments due in respect of the relevant Mortgage Loan. The Issuer's ability to make payments on the Notes and the Certificates may therefore be reduced which could ultimately result in losses on the Notes and the Certificates. There may be insufficient funds available to repay the Noteholders and Certificateholders as a result of income or principal deficiencies.

There may be insufficient funds available to repay the Noteholders and Certificateholders as a result of income or principal deficiencies

If, on any Interest Payment Date prior to the service of an Enforcement Notice or the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as a result of shortfalls in Available Revenue Receipts there would be a Revenue Shortfall, the Issuer shall apply Principal Addition Amounts (if any) in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments to cure such Revenue Shortfall.

The application of any Available Principal Receipts as Principal Addition Amounts together with the aggregate of: (a) all Realised Losses on the Loans which are not recovered from the proceeds following the sale of the Properties to which such Loans relate; (b) any losses realised by the Issuer on the Loans as a result of a failure by the Collection Account Bank to remit funds to the Issuer; (c) any losses to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Loans unless these are fully compensated for under the provisions of the Servicing Agreement or the Mortgage Sale Agreement; (d) (without double counting with (c)) the amount of any outstanding MSA Relevant Liabilities of the Seller as at the relevant Calculation Date; and (e) any other non-recovery of the full outstanding principal balance of a Loan other than where the same has been compensated for by a repurchase or indemnity by the Seller under the Mortgage Sale Agreement (items (a) to (e) above (together, the **Losses**), will be recorded as a debit to the Principal Deficiency Ledger.

Such debits will be recorded in sequential order to the Class Z Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class Z Notes then outstanding, the Class F Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class F Notes then outstanding, the Class E Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class E Notes then outstanding, the Class D Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class D Notes then outstanding, the Class C Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class C Notes then outstanding, the Class B Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class B Notes then outstanding and the Class A Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class A Notes then outstanding.

During the course of the life of the Notes, some but not necessarily all principal deficiencies (should they arise) recorded to the Principal Deficiency Ledger will be recouped from Available Revenue Receipts. Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit *first* the Class A Principal Deficiency Sub-Ledger, *second* the Class B Principal Deficiency Sub-Ledger, *third* the Class C Principal Deficiency Sub-Ledger, *fourth* the Class D Principal Deficiency Sub-Ledger, *fifth* the Class E Principal Deficiency Sub-Ledger, *sixth* the Class F Principal Deficiency Sub-Ledger and *seventh* the Class Z Principal Deficiency Sub-Ledger.

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

- (a) the Available Revenue Receipts and Available Principal Receipts 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 Available Revenue Receipts and Available Principal Receipts to repay the Notes on or prior to the Final Redemption Date of the Notes.

For more information on principal deficiencies, see the section entitled "*Credit Structure – Principal Deficiency Ledger*" below.

The Issuer's ability to redeem the Notes on their Final Maturity Date may be affected by the rate of prepayment on the Mortgage Loans

Prepayments on the Mortgage Loans may result from refinancings, sales of properties by borrowers under those Mortgage Loans (**Borrowers**) voluntarily or as a result of enforcement proceedings under the relevant Mortgage Loans, as well as the receipt of proceeds under the insurance policies. Payments and prepayments of principal on the Mortgage Loans will be applied to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments (see section entitled "*Cashflows*" below).

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social (such as may result from concerns about the state of the economy or public health matters (for example, a widespread epidemic like the COVID-19 outbreak) and other factors, including prevailing mortgage market interest rates, local and regional economic conditions (such as may result from the COVID-19 outbreak), homeowner mobility and the availability of financing. See also "*The timing and amount of payments on the Mortgage Loans could be affected by various factors which may adversely affect payments on the Notes or the Certificates*".

Generally, when market interest rates increase, some borrowers (including those not subject to a variable rate) are less likely to prepay their mortgages, while conversely, when market interest rates decrease, borrowers are generally more likely to prepay their mortgages given the ability to remortgage without incurring penalty fees. For instance, prepayments on the Mortgage Loans may be due to Borrowers refinancing their Mortgage Loans and sales of properties by Borrowers (either voluntarily or as a result of enforcement action taken).

The Seller does not have an active mortgage business. Borrowers, including those with Loans subject to the Standard Variable Rate, that wish to make a Product Switch, Further Advance or switch to a more affordable mortgage with a new lender may result in an increase in the annualised principal prepayment rate of all the Loans (as Borrowers seek to switch to or refinance their mortgages with other lenders) and therefore, the Notes may be redeemed sooner than expected which may result in Noteholders receiving a lower yield on their investment than otherwise expected. It is possible, that where a significant number of Borrowers want to switch and do so, the concentration of remaining Borrowers with arrears in the Portfolio may increase, and accordingly the overall credit quality of the Portfolio may decrease which could therefore adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans, the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes. In addition, to the extent that the Borrowers who want to switch and are able to do so have Variable Rate Loans, the concentration of remaining Borrowers with Fixed Rate Loans may increase (see further "*Considerations relating to interest rate mismatches*"). See also "*The timing and amount of payments on the Mortgage Loans could be affected by various factors which may adversely affect payments on the Notes or the Certificates*".

Additionally, if the Seller is required to repurchase a Mortgage Loan as described in the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*", because, for example, (i) the Issuer does not have sufficient Available Principal Receipts to purchase a Flexible Drawing, a Retention Drawing or make a Protective Advance; or (ii) a Loan does not comply with the Loan Warranties in the Mortgage Sale Agreement, then the payment received by the Issuer will have the same effect as a prepayment of all of the Mortgage Loans under that mortgage account. In addition, an indemnity payment may be made by the Seller if a Loan does not comply with the Loan Warranties in the Mortgage Sale Agreement. Under the Mortgage Sale Agreement Bank of Scotland has provided an indemnity to the Issuer in respect of the amounts owed by the Seller to the Issuer in the event that the Seller fails to make such a repurchase from, or indemnity payment to, the Issuer in respect of breaches of Loan Warranties. There can be no assurance that the Seller will have the financial resources to honour its indemnification and/or repurchase obligations under the Mortgage Sale Agreement or that Bank of Scotland will have the financial resources to honour its indemnification obligations under the Mortgage Sale Agreement. This may adversely affect the quality of the Loans and their Related Security in the Mortgage Portfolio and accordingly the ability of the Issuer to make payments on the Notes and the Certificates. The yield to maturity of the Notes may be adversely affected by repurchases of, or indemnity payments made by, the Seller in respect of Loans subject to Flexible Drawings, Retention Drawings or Protective Advances or a warranty breach.

Further, the mortgage loan industry in the United Kingdom is highly competitive. This competitive environment, together with a downturn in the UK economy for any reason (for example, such as may result from a high inflation rate environment), may affect the repayment rate of the Seller's existing Borrowers which, in turn, may affect adversely the timing of receipt and the ultimate amount received by the Issuer in respect of the relevant Loans and therefore the ability of the Issuer to make payments under the Notes and the Certificates and the yield to maturity of the Notes may be adversely affected.

Subordination of other Note classes may not protect Noteholders or Certificateholders from all risk of loss

The Class B Notes are subordinated in right of payment of interest and principal to the Class A Notes and the payment of the Class S Certificate Payments at all times.

The Class C Notes are subordinated in right of payment of interest and principal to the Class A Notes, the payment of the Class S Certificate Payments and the payment of interest and principal to the Class B Notes at all times.

The Class D Notes are subordinated in right of payment of interest and principal to the Class A Notes, the payment of the Class S Certificate Payments and the payment of interest and principal to the Class B Notes and the Class C Notes at all times.

The Class E Notes are subordinated in right of payment of interest and principal to the Class A Notes, the payment of the Class S Certificate Payments and the payment of interest and principal to the Class B Notes, the Class C Notes and the Class D Notes at all times.

The Class F Notes are subordinated in right of payment of interest and principal to the Class A Notes, the payment of the Class S Certificate Payments and the payment of interest and principal to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes at all times.

The Class X Notes are, in relation to payment of interest, subordinated (prior to the service of an Enforcement Notice on the Issuer) to all payment of interest due in respect of the Class A Notes, the payment of the Class S Certificate Payments and all payment of interest due in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and (following the service of an Enforcement Notice on the Issuer) to all payments due in respect of the Class A Notes,

the payment of the Class S Certificate Payments and all payments due in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

The Class Z Notes are subordinated in right of payment of principal to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes at all times.

The Class R Notes are subordinated (prior to the service of an Enforcement Notice on the Issuer) in right of payment to all payment of interest due in respect of the Class A Notes, the payment of the Class S Certificate Payments, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, Class X Notes and the Class Z Notes at all times and (following the service of an Enforcement Notice on the Issuer) to all payments due in respect of the Class A Notes, the payment of the Class S Certificate Payments and all payments due in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes and the Class Z Notes.

The Residual Certificates will rank *pari passu* without preference or priority among themselves in relation to payment of the Residual Certificate Payment, but subordinate in right of payment of interest on all of the Notes and to payments on the Class S Certificates.

In addition to the above, payments on the Notes and the Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors and certain third parties.

There is no assurance that these subordination rules will protect the holders of Notes or the Certificates from all risk of loss.

2. RISKS RELATING TO THE UNDERLYING ASSETS

Declining property values and/or increases in prevailing market interest rates may adversely affect the performance and market value of the Notes

Increases in the Bank of England Base Rate and/or mortgage interest rates may result in Borrowers with a Loan subject to a variable rate of interest being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward.

Borrowers seeking to avoid these increased monthly payments (caused by, for example, 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 homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates and losses on the Loans in the Mortgage Portfolio which may result in a reduction in the amounts of funds available to the Issuer to pay amounts due under the Notes and the Certificates which could ultimately result in losses on the Notes and the Certificates.

Risk of losses associated with the Loans (including buy-to-let Loans)

The Loans in the Provisional Portfolio constitute, *inter alia*, buy-to-let Loans. A Borrower's ability to make payments in respect of a buy-to-let Loan is likely to depend on the Borrower's ability to let the relevant Property on appropriate terms. It is expected that Properties which secure buy-to-let Loans will be let by the relevant Borrower to tenants but there can be no guarantee that each such Property will be the subject of an existing tenancy at the point any such Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the buy-to-let Loan and/or that the rental income achievable from tenancies of the relevant Property over time will be sufficient to provide the Borrower with sufficient income to meet the Borrower's obligations in respect of the buy-to-let Loan.

Consequently, the Security for the Notes may be affected by the condition of the private residential rental market in the United Kingdom. The condition of the market will influence both the ability of the Borrowers to find tenants and the level of rental income which may be achieved in letting. The obligations of a Borrower to make payment under the buy-to-let Loan are unconditional without regard to whether the Property is let or the amount of rent received by the Borrower from the relevant tenant.

Upon enforcement of a buy-to-let Loan in respect of a Property which is the subject of an existing tenancy, the Servicer may not be able to obtain vacant possession of that Property until the end of the tenancy. If the Servicer enforces whilst the tenancy is continuing and sells the Property as an investment property with one or more tenants in situ, this may affect the amount which may be realised in the sale. However, in the UK it is common for tenancies to be only for six or 12 months, so a tenanted property will often be vacated sooner than an owner-occupied property. In such situations, amounts received in rent may not be sufficient to cover all amounts due in respect of the Loan although the existence of any such tenant paying rent in full on a timely basis may not have an adverse effect on the amount of such realisation. Enforcement Procedures in relation to such Mortgages include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the Loan. Under Scots law, a receiver cannot be appointed under a standard security (the Scottish equivalent to a legal mortgage) and the only enforcement which may be carried out under a standard security is a full enforcement of the security (i.e. it cannot be enforced selectively by, for instance, attaching to the rental income). Accordingly, in Scotland, any attempt to secure the rental flows will depend upon the enforcement of the standard security.

There have been various tax related changes to United Kingdom legislation in recent years which may affect the ability of the Borrowers to repay their buy-to-let Loans due to the increased tax costs associated with buy-to-let mortgages and there may be further changes in the future which further impact the Borrowers' ability to meet their obligations under such Loans. For example, with effect from 6 April 2020 there is no longer a deduction available for finance costs against rental income for individual landlords and instead all rental income is only eligible for a tax credit at the basic rate of income tax which may result in higher taxes for the individual landlords depending on their personal circumstances.

Further, a higher rate of stamp duty land tax (**SDLT**), Welsh land transactions tax (**WLTT**) and Scottish land and buildings transaction tax (**LBTT**) applies to the purchase of additional residential properties (such as buy-to-let properties) in England and Northern Ireland, Wales and Scotland respectively. The current additional tax rates are as follows: (i) in England and Northern Ireland the higher rate is 3 per cent. above the current SDLT rates; (ii) in Wales the higher rate is 4 per cent. above the current WLTT rates; and (iii) in Scotland the additional dwelling supplement (akin to the higher rate) is 4 per cent. above the current LBTT rates.

In addition, from 1 April 2021, a 2 per cent. SDLT surcharge applies to non-UK residents purchasing residential property in England and Northern Ireland. This applies in addition to the 3 per cent. additional rate that applies to the purchase of additional residential properties in England and Northern Ireland described above. In Scotland, a similar surcharge on non-UK residents purchasing residential property in Scotland has not been implemented.

From 1 April 2018, landlords of relevant domestic properties in England and Wales may not grant a tenancy to new or existing tenants if their property has an EPC rating of band F or G (as shown on a valid Energy Performance Certificate (**EPC**) for the property) and, from 1 April 2020, landlords must not continue letting a relevant domestic property which is already let if that property has an EPC rating of band F or G (as shown on a valid EPC for the property). In both cases described above this is referred to in the Energy Efficiency (**Private Rented Property**) (England and Wales) Regulations 2015 (the **Energy Efficiency Regulations 2015**) as the prohibition on letting sub-standard property. Where a landlord wishes to continue letting property which is currently sub-standard, they will need to ensure

that energy efficiency improvements are made which raise the EPC rating to a minimum of E. In certain circumstances landlords may be able to claim an exemption from this prohibition on letting sub-standard property; this includes situations where the landlord is unable to obtain funding to cover the cost of making improvements, or where all improvements which can be made have been made, and the property remains below an EPC rating of E. Local authorities will enforce compliance with the domestic minimum level of energy efficiency. They may check whether a property meets the minimum level of energy efficiency, and may issue a compliance notice requesting information where it appears to them that a property has been let in breach of the Energy Efficiency Regulations 2015 (or an invalid exemption has been registered in respect of it). Where a local authority is satisfied that a property has been let in breach of the Energy Efficiency Regulations 2015 it may serve a notice on the landlord imposing financial penalties. Currently there is no intention of introducing these standards across Northern Ireland, but no predictions can be made as to whether these standards could be introduced in the future.

The introduction of these measures may adversely affect the private residential rental market in England and Wales in general and the ability of individual Borrowers to meet their obligations under those Loans.

Similar requirements had been due to apply to landlords of domestic properties in Scotland under the Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations 2020, however Scottish Government is now working to introduce regulations in 2025 which will require all properties in the private rented sector to reach a minimum standard equivalent to EPC band C.

As a consequence of any of the above factors, the quality of the Loans and their Related Security in the Mortgage Portfolio may be adversely affected and accordingly the ability of the Issuer to make payments on the Notes and the Certificates.

There can be no assurance that a Borrower will repay principal at the end of the term on an Interest-Only Loan, which may adversely affect repayments on the Notes

Each Loan in the Mortgage Portfolio is repayable on one of the following bases: (a) on a principal repayment basis; (b) on an interest-only basis (**Interest-only Loans**); or (c) on a part principal repayment/part interest-only basis (**Part-and-Part Loans**). For Interest-Only Loans or loans with an interest-only element, because the principal or the remaining principal element is repaid in a lump sum at the maturity of the Loan, it is the responsibility of the Borrower to have an investment plan in place to assist the Borrower to ensure that funds will be available to repay the principal at the end of the term. However, the Seller has not in all cases verified that an investment plan is in place and does not take security over these repayment mechanisms. The Borrower is also recommended to take out a life insurance policy in relation to the Mortgage Loan but, as with repayment mechanisms, the Seller does not take security over these life insurance policies. Consequently, upon the maturity of an Interest-only Loan, the relevant Borrower will be required to make a "bullet" payment that will represent the entirety of the principal amount outstanding or, upon the maturity of a Part-and-Part Loan, the relevant Borrower will be required to make a "bullet" payment that will represent the entirety of the principal amount outstanding in respect of the portion of the relevant Part-and-Part Loan that was interest only.

The ability of a Borrower to repay the principal on an Interest-Only Loan, or the principal element of a Part-and-Part Loan, at maturity frequently depends on such Borrower's ability to sell the Property, refinance the Property or ensuring that sufficient funds are available from an investment plan or another source, such as ISAs, pension policies, personal equity plans or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. Because of the greater risk relating to refinancing of Interest-only Loans or Part-and-Part Loans, a significant downturn in the property market or the economy could lead to a greater increase in defaults on the repayment of principal on Interest-only Loans or Part-and-Part Loans than on repayment loans.

Moreover, the Mortgage Conditions in respect of Interest-only Loans and Part-and-Part Loans do not require a Borrower to put in place alternative funding arrangements.

The proceeds from an investment plan or other investment (including proceeds from any sale of the relevant property) may be insufficient to cover the repayment of the principal of the Mortgage Loan. There can be no assurance that the Borrower will have the funds required to repay the principal at the end of the term. If a Borrower cannot repay the Mortgage Loan and a loss occurs on the Mortgage Loan, then this may affect repayments of principal on the Notes if that loss cannot be cured by application of excess Available Revenue Receipts. See "*Characteristics of the Provisional Portfolio*" below for the amount of the Mortgage Loans in the expected Portfolio that are interest-only Mortgage Loans.

The yield to maturity of the Notes may be adversely affected by prepayments or redemptions on the Mortgage Loans

The yield to maturity of each Class of the Notes will depend, inter alia, on (a) the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Loan and repurchases of (or payments of indemnity amounts in lieu of the Seller repurchasing such Loan, including any accrued interest) such Loans required to be made under the Mortgage Sale Agreement) on the Mortgage Loans and (b) the price paid by the Noteholders of each Class of Notes. Such yield may be adversely affected by, inter alia, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions, and homeowner mobility. However, the rate of payment cannot be predicted. Generally, when market interest rates increase, Borrowers are less likely to prepay their Loans, while conversely, when market interest rates decrease, Borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated Early Repayment Charges) are generally more likely to prepay their Loans. Borrowers may prepay Loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action taken). If the Seller is required to make an indemnity payment to the Issuer in relation to a Loan and its Related Security because, for example, one of the Loans does not comply with the Loan Warranties, then the payment received by the Issuer will have the same effect as a prepayment of all or part of the relevant Loan.

Payments and prepayments of principal on the Loans will be applied, inter alia, to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments (see "*Cashflows*"). All payments of principal in respect of the Notes will be made subordinate to amounts applied as Principal Addition Amounts.

On and from the First Optional Redemption Date or the date on which the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio as at the Closing Date, the Issuer shall, following the exercise of the Portfolio Purchase Option by the Portfolio Option Holder, redeem all of the Notes and cancel the Certificates. In the event that the Portfolio Option Holder (or its nominee) does not elect to purchase the Mortgage Loans, the Seller may exercise the Clean-up Purchase Option to effect an early redemption of the Notes on any Interest Payment Date thereafter.

Pursuant to the Portfolio Purchase Option, the Portfolio Option Holder has the option, pursuant to the Portfolio Option Deed Poll, to elect to purchase the Loans from the Issuer subject to certain restrictions, as detailed in the section "*Early Redemption of the Notes Pursuant to the Portfolio Purchase Option*,"

Risk Retention Regulatory Change Event, the Regulatory Change Event Option or Optional Redemption for Tax and Other Reasons".

The New Issue Conditions Precedent must, in the reasonable opinion of TMB, in its capacity as Servicer and Legal Title Holder, be satisfied (or otherwise waived or not be required to be met) prior to the Portfolio Option Holder exercising the Portfolio Purchase Option. No assurance can be given that such New Issue Conditions Precedent will be satisfied in order for the Portfolio Purchase Option to be exercised and, as such, no assurance can be given that the Notes will be redeemed in full on or following occurrence of the events giving rise to such Portfolio Purchase Option.

Pursuant to the Risk Retention Regulatory Change Option, if the Seller and the Retention Holder jointly determine that a Risk Retention Regulatory Change Event has occurred and the Retention Holder or the Seller (or any of their nominees) gives notice of intention to exercise the Risk Retention Regulatory Change Option, the Portfolio Option Holder (or its nominee) may elect to purchase the Mortgage Loans under the Portfolio Purchase Option. In the event that the Portfolio Option Holder (or its nominee) does not elect to purchase the Mortgage Loans, (i) the Retention Holder (or any of its nominees) or (ii) provided that the Retention Holder has not exercised the Risk Retention Regulatory Change Option, the Seller (or any of its nominees), have the right (but not any obligation) pursuant to the Retention Holder Deed Poll to acquire or re-acquire (or procure the acquisition or re-acquisition of), as applicable, the entire beneficial interest of the Issuer in the Portfolio and thereby effect a redemption of the Notes following the occurrence of a Risk Retention Regulatory Change Event (subject to the Portfolio Option Holder's right to exercise the Portfolio Purchase Option in such situation). The Notes are subject to mandatory redemption following the occurrence of a Risk Retention Regulatory Change Event if the Retention Holder or the Seller (or any of their nominees) exercises its Risk Retention Regulatory Change Option in accordance with Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*). If the Risk Retention Regulatory Change Option is exercised by the Retention Holder or the Seller, the price payable by or on behalf of the Seller or the Retention Holder (or any of its nominees) (as applicable) to the Issuer to acquire the beneficial interest of the entire Portfolio from the Issuer shall equal the Portfolio Purchase Option Current Value Purchase Price. The Portfolio Purchase Option Current Value Purchase Price may not be sufficient to repay all of the Notes in full. A Risk Retention Regulatory Change Event may occur in the following circumstances: any change in or the adoption of any new law, rule, technical standards or regulations or any determination made by a relevant regulator, which: (A) as a matter of law, has a binding effect on the Retention Holder or the Seller after the Closing Date and which would impose a positive obligation on any of them to subscribe for any Notes or additional Notes in order to comply with the Risk Retention Requirements or otherwise impose additional material obligations on any of them in order to ensure compliance with the Risk Retention Requirements (as determined by them); (B) as a matter of law, in respect of the Retention Holder, results in the Retention Holder no longer being able to qualify as an eligible retainer for purposes of the Risk Retention Requirements; and the Retention Holder is not able to transfer the Retained Interest to one of its affiliates (including because such affiliate is unable to comply with the Risk Retention Requirement) without violating the Risk Retention Requirements or any other applicable law, or incurring any additional material costs or obligations in connection with any such transfer, in any case as determined by the Retention Holder, in its sole discretion; or (C) by virtue of the Retention Holder's obligation to comply with the Risk Retention Undertaking, would, in respect of the Retention Holder, have an analogous effect or result to those specified in paragraphs (A) and (B) above.

Pursuant to the Regulatory Change Event Option, following the occurrence of a Regulatory Change Event, the Portfolio Option Holder (or its nominee) may elect to acquire the Mortgage Portfolio under the Portfolio Purchase Option. In the event that the Portfolio Option Holder (or its nominee) does not elect to purchase the Mortgage Loans, the Seller may acquire the entire beneficial interest of the Issuer in the Mortgage Portfolio. The Issuer shall, following the exercise of the Regulatory Change Event Option, redeem all of the Notes and and to discharge all other amounts required under the Post-

Enforcement Priority of Payments to be paid in priority to the Residual Certificates then in issue, in accordance with Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*).

In addition, the Issuer may, subject to the Conditions and the Portfolio Option Holder's right to exercise the Portfolio Purchase Option, redeem all of the Notes (A) if a change in Tax law results in the Issuer being required to make a deduction or withholding for or on account of Tax or (B) as a result of certain illegality events. See further "*Terms and Conditions of the Notes*".

There is no obligation on any party to the transaction to purchase or repurchase the Portfolio and the Issuer is not required to accept any such offer to repurchase. As such, no assurance can be given that the Notes will be redeemed in full on or following the occurrence of the circumstances described above.

Any redemption of the Notes and cancellation of the Certificates following such matters, in particular where such an event occurs within a short time of the Closing Date, may adversely affect the yield to maturity of the Notes and/or the Certificates. There is no assurance that Noteholders or Certificateholders will be able to reinvest the proceeds of such redemption or cancellation at the same or a higher rate than the return they would have earned on the Notes and/or the Certificates had they not been redeemed or cancelled, as applicable. In particular, there is no assurance that the Certificateholders would receive any amounts on such an early redemption.

Considerations relating to interest rate mismatches

The Issuer is subject to the risk of a mismatch between the rate of interest (including margin) payable in respect of the Loans and the rate of interest (including margin) payable in respect of the Notes. In addition, amounts due in respect of the Class S Certificates are based on a percentage of the Current Balance of the Loans as set out in the Certificate Conditions. Other than Fixed Rate Loans, some of the Loans in the Portfolio pay a rate set by reference to the base rate from time to time of the Bank of England (the **BBR** or **Bank of England Base Rate**) or Standard Variable Rate, while the Issuer's liabilities under the Floating Rate Notes are calculated by reference to SONIA for the relevant period. As at the date of this Prospectus, the Issuer has not entered into any interest rate swap or other hedging transaction in relation to any of the Loans, and as a result there is no hedge in respect of the risk of any variance in the rates charged on any Loans, which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders, Certificateholders and the other Secured Creditors.

Subject to the terms of the Servicing Agreement and the restrictions set out therein, the Servicer shall have full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine, set and change the interest rate(s) applicable to the Loans in accordance with the relevant Mortgage Conditions, Applicable Law, the Legal Title Holder's Rate Setting Policies and as a Reasonable Prudent Mortgage Lender. In exercising such rights, the Servicer is under no obligation to consider the interests of the Noteholders or the Certificateholders and may exercise its rights in a manner that would be prejudicial to the Noteholders or the Certificateholders.

For more information please see the section entitled "Summary of the Key Transaction Documents – Servicing Agreement".

The Mortgage Portfolio may be subject to geographic concentration risks

The Mortgage Portfolio may also be subject to geographic concentration risks. 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, a concentration of the Mortgage Loans in such a region may be expected to exacerbate all of the risks relating to the Mortgage Loans described in this

section. The economy of each geographic region within the United Kingdom is dependent on different mixtures of industries. 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 rely most heavily on that industry. If the timing and payment of amounts due in respect of the Mortgage Loans are adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes and no payments being made on the Certificates. For an overview of the geographical distribution of the Mortgage Loans on the Closing Date, see the section entitled "*Characteristics of the Provisional Portfolio — Geographical Distribution*".

Set-off risks in relation to the Loans may adversely affect the funds available to the Issuer to repay the Notes

Once notice has been given to Borrowers of the transfer of the Mortgage Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against 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 a transaction or an equitable set-off (which are set-off claims arising out of a transaction connected with the Mortgage Loan) will not be affected by that notice. These set-off rights if exercised could reduce the Mortgage Loan receipts available to the Issuer to distribute for payments on the Notes. See also "*There may be risks associated with the fact that the Issuer has no legal title to the Mortgage Loans and their Related Security, which may adversely affect payments on the Notes*".

As described in "*There may be risks associated with the fact that the Issuer has no legal title to the Mortgage Loans and their Related Security, which may adversely affect payments on the Notes*" below, the Seller has made, and in the future may make (with respect to a Flexible Drawing, a Retention Drawing or a Protective Advance), an equitable assignment of the relevant Mortgage Loans and their Related Security, to the Issuer, or enter into a Scottish Declaration of Trust in favour of the Issuer in respect of relevant Scottish Mortgage Loans and their Related Security, with legal title, in each case, being retained by the Seller. Therefore, the rights of the Issuer may be subject to the direct rights of the Borrowers against the Seller, including rights of set-off existing prior to notification to the Borrowers of the sale of the Mortgage Loans. The Mortgage Portfolio includes Flexible Loans and Retention Loans. Set-off rights may occur if the Seller fails to pay to a Borrower a drawdown under a Flexible Loan or a Retention Loan and any relevant preconditions to the release of such funds have been met. In such event, the relevant Borrower may set-off any damages claim arising from the Seller's breach of contract against the Seller's (and, as assignee or holder of the beneficial interest in the Mortgage Loans and their Related Security, the Issuer's) claim for payment of Principal and/or Interest under the Mortgage Loan as and when it becomes due. These set-off claims will constitute transaction set-off as described in "*Independent set-off risks which a Borrower has against the Seller may adversely affect the funds available to the Issuer to repay the Notes*". For the purposes of this Prospectus, references herein to "set-off" shall be construed to include analogous rights in Scotland.

The amount of any such claim in respect of a drawing will, in many cases, be the cost to the Borrower of finding an alternative source of finance. The Borrower may obtain a loan elsewhere in which case the damages would be equal to any difference in the borrowing costs together with any consequential losses, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees). If the Borrower is unable to obtain an alternative loan, he or she may have a claim in respect of other losses arising from the Seller's breach of contract where there are special circumstances communicated by the Borrower to the Seller at the time the Mortgage Loan was taken out or which otherwise were reasonably foreseeable. In either case, the damages claim will be limited by general legal principles concerning remoteness of loss and mitigation. These include (i) the principle that something, which is a real possibility but would only occur in a small minority of cases, will not usually fall within the contractual measure of damages and (ii) the Borrower's duty to mitigate loss.

A Borrower may also attempt to set-off against his or her mortgage payments an amount greater than the amount of his or her damages claim. In that case, the Servicer will be entitled to take enforcement proceedings against the Borrower although the period of non-payment by the Borrower is likely to continue until a judgment is obtained.

Although it is not currently envisaged that any Borrower would have a significant right of set-off against the Seller, the effect of the exercise of set-off rights by Borrowers (even if this is in respect of a small amount, but applicable to a large number of Borrowers in the Portfolio) may adversely affect the timing of receipt and 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 and the Certificates which could ultimately result in losses on the Notes and the Certificates.

In certain circumstances, Loans subject to Further Advances and Product Switches will result in redemption of the Loan, which will affect the prepayment rate of the Mortgage Loans, and this may affect the yield to maturity of the Notes

If a Borrower requests a Further Advance or a Product Switch, the Servicer may suggest that the relevant Borrower should seek an alternative loan from another member of the Lloyds Banking Group on the condition that the Borrower's existing Loan in the Mortgage Portfolio is redeemed in full. No new Loan will be sold to the Issuer. The Servicer will not agree to make a Further Advance or Product Switch other than under the circumstances and conditions described above. If a Repurchase Product Switch is made, then the relevant Loan and its Related Security that is subject to the Repurchase Product Switch will be repurchased by the Seller at its Current Balance.

The yield to maturity of the Notes may therefore be affected by the redemption of Mortgage Loans as a result of Further Advances and Product Switches or a repurchase following a Repurchase Product Switch. See also "*The timing and amount of payments on the Mortgage Loans could be affected by various factors which may adversely affect payments on the Notes or the Certificates*".

The Issuer may not receive the benefit of any claims made on the insurance policies which could adversely affect payments on the Notes

The current practice of the Seller in relation to insurance policies is described under the section entitled "*The Loans*" below. Certain of the Mortgage Conditions oblige the Borrower to arrange building insurance with an appropriate insurance company which must be issued in the joint names of the Seller as lender and the Borrower.

No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable insurance contracts. This could reduce the Principal Receipts received by the Issuer which, in turn, may affect adversely the timing of receipt and the ultimate amount received by the Issuer in respect of the relevant Loans and therefore the ability of the Issuer to make payments under the Notes and the Certificates.

Investors should note that insurance policies are usually renewed annually. As the Seller does not verify if insurance policies have been taken out by a Borrower, the Seller cannot be certain that a Borrower has taken out or maintained building insurance or that any such cover would be sufficient to cover any loss. Amounts paid under the insurance policies are generally utilised to fund the reinstatement of the property and, only on very rare occasions, are paid to the Seller to reduce the amount of the Mortgage Loan(s). In the latter circumstance, all insurance cover will be removed but, as noted, no assurance can be given that amounts paid under the insurance policies will be paid to the Seller.

No declaration of trust over the Collection Account in favour of the Issuer

Collections, including principal, interest, fees, expenses and recoveries received by or on behalf of the Legal Title Holder into the Collection Account, held in the name of Bank of Scotland, in payment of any amount payable under any Mortgage Loan in the Mortgage Portfolio from or on behalf of any Borrower, are transferred into the Transaction Account on a daily basis. There is no formal delegation from TMB to Bank of Scotland for Bank of Scotland to act as Collection Account Bank and there will not be a declaration of trust in favour of the Issuer over the amounts standing to the Collection Account. As such, investors should be aware that in the event of insolvency of Bank of Scotland, the balance of the Collection Account will not be isolated in favour of the Issuer and this may affect the Issuer's ability to recover any amounts due which in turn might affect the ability to meet its payments obligations under the Notes.

3. OTHER RISKS RELATED TO CHANGES TO THE STRUCTURE AND DOCUMENTS

The Note Trustee may agree modifications to the Transaction Documents, which may adversely affect your interests

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

The Conditions also specify that certain categories of amendments (including changes to majorities required to pass resolutions or quorum requirements) would be classified as Basic Terms Modifications. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes which are affected by such Basic Terms Modifications.

The Conditions and Certificate Conditions also provide that the Note Trustee may or, in the case of paragraphs (c) and (d) below shall, at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree (and direct the Security Trustee to agree) with the Issuer and any other parties in making or sanctioning any modification:

- (a) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document (other than in respect of a Basic Terms Modification, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right), which in the opinion of the Note Trustee will not be materially prejudicial to the interests of the Noteholders of any Class or the interests of the Certificateholders of any Class, or the Note Trustee or the Security Trustee;
- (b) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document which, in the opinion of the Note Trustee, is to correct a manifest error or is of a formal, minor or technical nature; or
- (c) (other than in respect of a Basic Terms Modification, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) that would result in the Issuer entering into any new and/or amended bank account agreement or collection account agreement (including where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank are downgraded below any relevant rating level as set

out in the relevant Transaction Document, and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Documents) in order to maintain the ratings of the Notes at their then current ratings); or

- (d) (other than in respect of a Basic Terms Modification, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) that is required to effect the appointment of a Successor Servicer (including, but not limited to, the Issuer entering into any new and/or amended servicing agreement) provided that the conditions to the appointment of that Successor Servicer set out in the Servicing Agreement are satisfied, and

provided that in the case of amendments pursuant to paragraph (c) and/or (d) above, that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment (including, for the avoidance of doubt, any new appointment made thereunder) which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (i) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and/or the Certificate Conditions.

In addition, the Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) shall, without the consent or sanction of the Noteholders, the Certificateholders or any of the other Secured Creditors, concur (and direct the Security Trustee to concur) with the Issuer in making any modifications (for the avoidance of doubt other than in respect of a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) to the Transaction Documents and/or the Conditions and/or the Certificate Conditions that are requested in writing by the Issuer (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer (or, where applicable, any other transaction parties) to:

- (a) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (b) (I) comply with, implement or reflect any changes in the requirements (including, but not limited to, risk retention, transparency and/or investor due diligence) of, or to enable the Issuer or any other transaction party to comply with an obligation under, the UK Securitisation Regulation or the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only), together with any relevant laws, regulations, technical standards, rules, other implementing legislation, official guidance or policy statements, in each case as amended, varied or substituted from time to time after the Closing Date, or (II) comply with any changes in the requirements of the U.S. Credit Risk Retention Requirements, including as a result of any other U.S. risk retention legislation, regulations or official guidance in relation thereto, in each case applying in respect of the Transaction;
- (c) enable the Notes to be (or to remain) listed on the London Stock Exchange
- (d) enable the Issuer or any of the other transaction parties to comply with FATCA;
- (e) comply 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;
- (f) comply with the provisions of Rule 17g-5 of the Exchange Act; and

- (g) make such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Seller on its behalf) to facilitate a Base Rate Modification,
- (h) the Note Trustee and the Security Trustee shall not 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 (a) exposing the Note Trustee or the Security Trustee (as applicable) to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Note Trustee or the Security Trustee (as applicable) in the Transaction Documents, the Conditions, the Certificate Conditions and/or the Trust Deed and/or the Deed of Charge (as applicable).

There is no guarantee that any modification to the Transaction Documents will not ultimately adversely affect the rights of Noteholders, the Certificateholders of any Class or payments on the Notes or the Certificates.

There may be a conflict between the interests of Classes of Noteholders or Certificateholders

The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of all Classes of Noteholders and Certificateholders and the Retention Holder as regards all powers, trusts, authorities, duties and discretions of the Note 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 or more Classes of Notes or Certificates, on the one hand, and the interests of the holders of one or more Classes of Notes or Certificates, on the other hand, then the Note Trustee is required to have regard only to the interests of the holders of the relevant affected Class of Notes or Certificates ranking in priority to other relevant Classes of Notes or Certificates in the Post-Enforcement Priority of Payments (other than the Class S Certificates in respect of which the Note Trustee will have regard only in respect of the Class S Certificates Entrenched Rights and subject always to the Residual Certificates Entrenched Rights and the Retained Interest Entrenched Rights).

As a result (other than in respect of a Basic Terms Modification, the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) holders of Notes or Certificates other than the Most Senior Class may not have their interests taken into account by the Note Trustee when the Note Trustee exercises discretion.

In addition, prospective investors should note that the Trust Deed provides that (other than in respect of a Basic Terms Modification, the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) no Extraordinary Resolution of the holders of a Class of Notes or Certificates, other than the holders of the Most Senior Class, shall take effect for any purpose while the Most Senior Class remains outstanding unless such Extraordinary Resolution shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

Prospective investors should note that for certain purposes, including the determination as to whether Notes are deemed outstanding or Certificates are deemed still to be in issue for the purposes of convening or voting at a meeting of Noteholders or Certificateholders, those Notes or Certificates held by the Retention Holder, Lloyds Bank plc and Bank of Scotland shall, in each case, (unless until ceasing to be so held) be deemed to remain outstanding or in issue (as applicable) and such entities shall be entitled to attend and vote at a meeting of Noteholders or Certificateholders (as applicable).

In addition, it is expected that on the Closing Date an investor will acquire a majority holding in each Class of Notes, giving it a sufficient holding of such Notes to allow it to pass or block Noteholder

resolutions in respect of Basic Terms Modifications or resolutions in respect of such Classes of Notes. Therefore, no assurance can be given that any other Noteholder will not have influence to block or pass certain Noteholder resolutions.

If the Issuer has insufficient funds on an Interest Payment Date, there will be a deferral of interest payments

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) due on the Notes (other than the Class A Notes and the Class B Notes) or, in certain circumstances, the Class S Certificate Payments in respect of the Class S Certificates that would otherwise be payable (absent the deferral provisions in respect of the Notes (other than the Class A Notes and the Class B Notes)) 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 17 (*Subordination by Deferral*) of the Conditions or Certificate Condition 18 (*Subordination by Deferral*) of the Certificate Conditions to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes or Certificates becomes due and repayable in full in accordance with the Conditions or Certificate Conditions.

In the event that such amounts of interest are not paid in full on the Notes (other than the Class A Notes and the Class B Notes, or following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes) or the Certificates as a result of the deferral provisions in Condition 17 (*Subordination by Deferral*) of the Conditions or Certificate Condition 18 (*Subordination by Deferral*) (as applicable) as noted above, such failure will not constitute an Event of Default until the Final Redemption Date or such earlier date on which the Notes are redeemed in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option*), Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) or Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*) and the Note Trustee and the Security Trustee will not be able to accelerate the Notes or payments due in respect of the Certificates or take any action to enforce the Security or to effect a sale or disposal of the Portfolio.

Failure to pay interest on the Class A Notes and the Class B Notes (or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes, other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes) within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in all of the Notes being accelerated and the Security Trustee enforcing the Security. Enforcement of the Issuer security is the only remedy for a default on the Issuer's obligations, and the proceeds of that enforcement may not be enough to make all the payments due on the Notes.

The Note Trustee and the Security Trustee are not obliged to act in certain circumstances

Upon the occurrence of an Event of Default, which, in certain circumstances, may or may not be subject to a materiality threshold in the opinion of the Note Trustee, the Note Trustee, in 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 Most Senior Class, as applicable or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class, shall (subject, in each case, to being indemnified and/or pre-funded and/or secured to its satisfaction), deliver an Enforcement Notice to the Issuer that all amounts due in respect of all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest thereon and all

other amounts due in respect of the Notes, as applicable, as provided in a trust deed between the Issuer, the Note Trustee (the **Trust Deed**).

The Note Trustee may, at any time, at its discretion and without notice, take (and direct the Security Trustee to 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, the Certificates or the Trust Deed (including the Conditions and the Certificate 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 or in respect of which (in the case of the Security Trustee) it holds security. In respect of and at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps 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 or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 11 (*Events of Default*) or Certificate Condition 10 (*Events of Default*)) unless the Note Trustee should have been directed to do so (and to direct the Security Trustee to do so) in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class, as applicable or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class (as described further above) and each of the Note Trustee and the Security Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

See further Condition 12 (*Enforcement*) of the Notes and Certificate Condition 11 (*Enforcement*) of the Certificates below.

In addition, each of the Note Trustee and the Security Trustee benefits from indemnities given to it by the Issuer pursuant to the Transaction Documents which rank in priority to the payments of interest and principal on the Notes and amounts due in respect of the Certificates.

In relation to the covenants to be given by the Retention Holder to the Issuer and the Security Trustee in the Risk Retention Letter in connection with the risk retention requirements under (i) Article 6 of the UK Securitisation Regulation, (ii) the U.S. Credit Risk Retention Requirements; and (iii) Article 6 of the EU Securitisation Regulation as in force as at the Closing Date, neither the Note Trustee nor the Security Trustee shall be under any obligation to monitor the compliance by the Retention Holder with such undertakings or to investigate any matter which is the subject of such undertaking and shall not be under any obligation to take any action in relation to non-compliance with such undertaking.

Flexible Loans and Retention Loans may be repurchased by the Seller from the Issuer, which will affect the prepayment rate of the Loans and this may affect the yield to maturity of the Notes

Certain Loans in the Portfolio have "flexible payment" features or, in the case of Retention Loans, Retention Drawings, which give the Borrower options, subject to certain conditions (including in relation to Retention Drawings, completion of repairs or construction), to, among other things, make Flexible Drawings, Retention Drawings, Protective Advances, Underpayments and/or to take Payment Holidays in certain circumstances. Subject to the Mortgage Conditions, a Borrower may also pay back either all or part of a Loan (in an amount exceeding its normal monthly payments).

If, pursuant to the relevant Mortgage Conditions and applicable laws, the Seller is obliged to grant a Borrower a drawdown under a Flexible Loan or a Retention Drawing under a Retention Loan and the Issuer does not have sufficient Principal Receipts to purchase the Flexible Drawing, Retention Drawing or the Protective Advance, the Seller will repurchase or make indemnity payments in respect of that Mortgage Loan under the relevant mortgage account and its Related Security from the Issuer (save for any Mortgage Loan that is In Arrears) at a price equal to the Current Balance of those Mortgage Loans together with any accrued and unpaid interest and expenses to the date of purchase.

This may result in Principal Receipts in the form of repurchase proceeds or indemnity payments payable by the Seller being used to pay down the Notes, which may in turn affect the yield to maturity of the Notes by any such repurchase of Mortgage Loans subject to Flexible Drawings, Retention Drawings or Protective Advances.

No assurance can be given as to the level of prepayments that the Portfolio will experience, the level of utilisation of "flexible payment" features by Borrowers with Flexible Loans, or the level of utilisation of Retention Drawings by Borrowers with Retention Loans. Accelerated prepayments will lead to a reduction in the weighted average life of the Notes and Underpayments and/or Payment Holidays may lead to an increase in the weighted average life of the Notes, subject to any previously repaid amounts being advanced to Borrowers as a result of a Flexible Loan or a Retention Loan.

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

The Liquidity Reserve Fund will be established on the Closing Date from the proceeds of the Class R Notes and the amount required, from time to time, to be standing to the credit of the Liquidity Reserve Fund Ledger shall be an amount equal to the Liquidity Reserve Fund Required Amount. Available Revenue Receipts will be available (in accordance with the Pre-Enforcement Revenue Priority of Payments) to fund and replenish the Liquidity Reserve Fund in accordance with the requirements described herein. The Liquidity Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay Senior Revenue Amounts (but only to the extent necessary after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of the definition of Available Revenue Receipts)) or in accordance with the Post-Enforcement Priority of Payments (as applicable). Any Liquidity Reserve Fund Excess Amount on an Interest Payment Date will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. See further "*Credit Structure*".

The Credit Reserve Fund will be established on the Closing Date from the proceeds of the Class R Notes and the amount required, from time to time, to be standing to the credit of the Credit Reserve Fund Ledger shall be an amount equal to the Credit Reserve Fund Required Amount. Available Revenue Receipts will be available (in accordance with the Pre-Enforcement Revenue Priority of Payments) to fund and replenish the Credit Reserve Fund in accordance with the requirements described herein. The Credit Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay a Credit Reserve Fund Payment (but only to the extent necessary after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of the definition of Available Revenue Receipts amounts standing to the credit of the Liquidity Reserve Fund under paragraph (d) of the definition of Available Revenue Receipts)) or in accordance with the Post-Enforcement Priority of Payments (as applicable). Following redemption in full of the Class F Notes, all amounts standing to the credit of the Credit Reserve Fund will be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments. See further "*Credit Structure*".

Subordinated Notes modifications and the Subordinated Notes Entrenched Rights

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which affects any Subordinated Notes Entrenched Rights, unless the holders of one or more persons holding or representing not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes then outstanding or in issue, have consented to such modification or waiver in writing (and such authorisation or sanction will be binding on each Class of Subordinated Notes even if such authorisation or sanction is passed by a more junior Class of Subordinated Notes). There can be

no assurance that the holders of the Subordinated Notes will provide consent to any such modification or waiver in a timely manner or at all. The holders of the Subordinated Notes may act solely in their own interests and do not have any duties to any Noteholders or Certificateholders.

Retained Interest modifications and Retained Interest Entrenched Rights

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which affects any Retained Interest Entrenched Rights, unless the Retention Holder has consented to such modification or waiver in writing. There can be no assurance that the Retention Holder will provide consent to any such modification in a timely manner or at all. The Retention Holder may act solely in its own interests and it does not have any duties to any Noteholders or Certificateholders.

Class S Certificates modifications and Class S Certificates Entrenched Rights

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which affects any Class S Certificates Entrenched Rights, unless the Class S Certificateholders have consented to such modification or waiver in writing. There can be no assurance that the Class S Certificateholders will provide consent to any such modification in a timely manner or at all. The Class S Certificateholders may act solely in its own interests and it does not have any duties to any Noteholders or Certificateholders.

Residual Certificates modifications and Residual Certificates Entrenched Rights

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which constitutes a Basic Terms Modification or which otherwise affects any Residual Certificates Entrenched Rights, unless the Residual Certificateholders have consented to such modification or waiver in writing. There can be no assurance that the Residual Certificateholders will provide consent to any such modification in a timely manner or at all. Each Residual Certificateholder may act solely in its own interests and it does not have any duties to any Noteholders or other Certificateholders.

Enforcement of the Issuer security is the only remedy for a default on the Issuer's obligations, and the proceeds of that enforcement may not be enough to make all the payments due on the Notes or the Certificates

The only remedy for recovering amounts on the Notes and the Certificates is through the enforcement of the Security. The Security is only enforceable in certain circumstances and such enforcement may be subject to certain conditions, including a requirement that the Security Trustee be indemnified and/or secured and/or prefunded to its satisfaction.

If the Security created pursuant to the terms of the Deed of Charge is enforced, the proceeds of enforcement may be insufficient to pay all principal and interest and/or other amounts due on the Notes and/or the Certificates. If there are insufficient amounts available to repay the Notes or the Certificates in full after the Security has been enforced, then any shortfall will be written off and will no longer be due and payable.

There are limitations on enforcement and therefore the proceeds of that enforcement may not be enough to make all the payments due on the Notes and Certificates. No Noteholder or Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents

to enforce the performance of any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless (i) the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing or (ii) the Note Trustee or, as the case may be, the Security Trustee, is unable to do so and such inability is continuing, provided that no Noteholder or Certificateholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer in any circumstances.

The Issuer will only have recourse to the Seller if there is a breach of warranty by the Seller, but otherwise the Seller's assets will not be available to the Issuer as a source of funds to make payments on the Notes and the Certificates.

After an Enforcement Notice is given the Security Trustee may, but shall not be obliged to, appoint a Receiver or Appointee to sell the Issuer's interest in the Mortgage Portfolio. There is no assurance that a buyer would be found or that such a sale would realise enough money to repay amounts due and payable under the Notes and the Certificates.

The Issuer and the Security Trustee will not, other than in respect of a breach of warranty under the Mortgage Sale Agreement, have any recourse to the Seller.

The Issuer and the Security Trustee will not undertake any investigations, searches or other actions on any Mortgage Loan or its Related Security but instead will rely solely on the Loan Warranties given in the Mortgage Sale Agreement by the Seller on the Closing Date (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" below for a summary of these).

If any of the Loan Warranties made by the Seller is materially untrue as at the Closing Date, and if such breach is not capable of remedy or, if capable of remedy, is not remedied within a 30 Business Day period as specified in the Mortgage Sale Agreement, then the Seller may elect to repurchase the relevant Loan and its Related Security in an amount equal to the Repurchase Price or indemnify the Issuer and keep the Issuer indemnified against all liabilities relating to the breach of a Loan Warranty (such liabilities of the Seller under the Mortgage Sale Agreement as remain outstanding from time to time being the **MSA Relevant Liabilities**). Under the Mortgage Sale Agreement, Bank of Scotland has provided an indemnity to the Issuer in respect of the amounts owed by the Seller to the Issuer in the event that the Seller fails to make such a repurchase from, or indemnity payment to, the Issuer in respect of breaches of Loan Warranties.

There can be no assurance that the Seller will have the financial resources to repurchase the Loan and its Related Security or make an MSA Indemnity Payment or that Bank of Scotland will have the financial resources to honour its indemnification obligations under the Mortgage Sale Agreement.

There may be risks associated with the fact that the Issuer has no legal title to the Mortgage Loans and their Related Security, which may adversely affect payments on the Notes

The sale by the Seller to the Issuer of the English Loans, the Northern Irish Loans and their Related Security on the Closing Date will take effect in equity only. The sale by the Seller to the Issuer of the Scottish Mortgage Loans and their Related Security is given effect by a Scots law governed declaration of trust by the Seller in favour of the Issuer (the **Scottish Declaration of Trust**). The holding of a beneficial interest under a Scottish trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England, Wales and Northern Ireland. In each case, this means that legal title to the Mortgage Loans in the Mortgage Portfolio remains with the Seller, but the Issuer has all the other rights and benefits relating to ownership of each Mortgage Loan and its Related Security. The Issuer has the right to demand that the Seller gives it legal title to the Mortgage Loans and the Related Security in the circumstances described in "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" below. Until then, no notice of the sale of the Mortgage Loans and their

Related Security will be given to any Borrower and no application will be made to the Land Registry, the Central Land Charges Registry, the Land Register of Scotland, the General Register of Sasines, the Land Registry of Northern Ireland and the Registry of Deeds for Northern Ireland to register or record its equitable interest or, as applicable, beneficial interest in the Mortgage Loans and their Related Security.

Because the Issuer has not obtained legal title to the Loans or their Related Security, there are the following risks to the Mortgage Portfolio:

- (a) first, if the Seller wrongly sold a Mortgage Loan to another person which has already been sold to the Issuer, and that person acted in good faith and did not have notice of the interests of the Issuer in the Mortgage Loan, then she or he might obtain good title to the Mortgage Loan, free from the interests of the Issuer. If this occurred then the Issuer would not have good title to the affected Mortgage Loan and its Related Security and it would not be entitled to payments by a Borrower in respect of that Mortgage Loan. This may affect the ability of the Issuer to make payments on the Notes; and
- (b) second, unless the Issuer has perfected the assignment or assignation of the Mortgage Loans (which it is only entitled to do in certain circumstances), the Issuer would not be able to enforce any Borrowers' obligations under the Mortgage Loans itself but would have to join the Seller as a party to any legal proceedings.

The assignment and sale of the Mortgage Loans is intended to be effective against the Seller and any creditor of the Seller in its insolvency, although to the extent that the Issuer needed to commence or continue legal proceedings against the Seller to enforce its rights in respect of the legal title, the consent of the insolvency officeholder or the leave of the court may be required.

An assignment and transfer of Mortgage Loans may be subject to clawback by a bank administrator or liquidator appointed in respect of the Seller, but only where the assignment or transfer was made within specific periods prior to the onset of the insolvency and it was made at an undervalue or the assignee was a preferred creditor.

If any of the risks described above were to occur, then the realisable value of the Portfolio or any part thereof may be affected thereby adversely affecting the timing of receipt and the ultimate amount received by the Issuer in respect of the relevant Loans and the ability of the Issuer to make payments under the Notes and the Certificates.

4. COUNTERPARTY RISKS

Issuer Reliance on Third Parties

The Issuer is also party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes and the Certificates. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement; the Issuer Account Bank has agreed to provide the Issuer Accounts to the Issuer pursuant to the Bank Account Agreement; the Servicer has agreed to service the Mortgage Portfolio pursuant to the Servicing Agreement; the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement; and the Paying Agents, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes and the Certificates pursuant to the Agency Agreement. Further, the Servicer may sub-contract or delegate the performance of its duties under the Servicing Agreement and, currently, certain of its duties are performed by employees within the Lloyds Banking Group without formal delegation. 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 and/or are removed or if such parties resign without sufficiently experienced substitutes or any substitutes

being appointed in their place promptly thereafter, collections on the Portfolio and/or payments to Noteholders and Certificateholders may be disrupted and Noteholders and/or Certificateholders may be adversely affected.

If the Servicer is removed, there is no guarantee that a substitute Servicer could be found, which could delay collection of payments on the Mortgage Loans and ultimately could adversely affect payments on the Notes

The Issuer has appointed The Mortgage Business Public Limited Company as Servicer to service the Mortgage Loans. If default is made by the Servicer in the performance or observance of any of its covenants and obligations under the Servicing Agreement which is (in the opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of 20 Business Days after becoming aware of such default, a Servicer Termination Event will have occurred and the appointment of the Servicer may be terminated by the Issuer or, following delivery of an Enforcement Notice, the Security Trustee. The Residual Certificateholders, in certain conditions, may terminate the Servicer's appointment if a Servicer Termination Trigger occurs. The occurrence of a Servicer Termination Event or a Servicer Termination Trigger may disrupt the collection of payments due on the Loans and ultimately could adversely affect the ability of the Issuer to make payments on the Notes and the Certificates.

There can be no assurance that a substitute Servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans on the terms of the Servicing Agreement. Further, it may be that the terms on which a substitute servicer may be appointed are substantially different from those set out in the Servicing Agreement and the terms may be such that the Noteholders may be adversely affected. In addition, any substitute servicer would be required to be authorised with the appropriate permissions under the FSMA as mortgage administration is a regulated activity. The ability of a substitute servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect payments on the Mortgage Loans and hence the Issuer's ability to make payments when due on the Notes.

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

The Servicer will be entitled to subcontract or delegate all or a portion of the servicing services under the Servicing Agreement to one or more counterparties, subject to the terms set out in 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 subcontractor or delegate.

The Issuer Account Bank may cease to satisfy certain criteria to provide the Bank Accounts

The Issuer Account Bank is required to satisfy certain rating criteria (including certain criteria and/or permissions set or required by the FCA from time to time) in order to continue to receive deposits in the Transaction Account. If the Issuer Account Bank ceases to satisfy those criteria and such failure is not remedied within the relevant grace period, then the Issuer Accounts may be transferred to another entity which does satisfy those criteria. In these circumstances the new account bank may not offer a transaction account on terms as favourable as those provided by the Issuer Account Bank and the cost to the Issuer may therefore increase. In addition, it may not be possible to find an entity with the ratings prescribed in the relevant Transaction Document who would be willing to act in the role. This may reduce amounts available to the Issuer to make payments of interest, principal and other amounts (as applicable) on the Notes and the Certificates.

The criteria referred to above include the Issuer Account Bank Requisite Rating as set out in "*Credit Structure – Transaction Overview – Triggers Tables – Rating Triggers Table – Issuer Account Bank*" below.

Interests of the Joint Arrangers, the Joint Lead Managers and the Sponsor Administrator

The Joint Arrangers, the Joint Lead Managers and/or the Sponsor Administrator and/or their Affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including hedging transactions) with, and may perform other services for, the Issuer, the Seller, the Retention Holder and/or their Affiliates in the ordinary course of business for which it may receive a customary fee. The Joint Lead Managers may provide financing in relation to Notes acquired by the Seller on the Closing Date. In addition, in the ordinary course of their business activities, the Joint Arrangers and/or the Joint Lead Managers and/or the Sponsor Administrator and/or the Seller and/or the Retention Holder and/or their Affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments issued by the Issuer, the Seller, the Retention Holder or their Affiliates. Typically, such Joint Arrangers and/or the Joint Lead Managers and/or the Retention Holder and/or their Affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes or whether a specified barrier or level is reached. The Joint Arrangers and/or the Joint Lead Managers and/or the Sponsor Administrator and/or their Affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Such recommendations may adversely affect the market for trading in any securities, including the Notes.

5. ORIGINATOR RISKS

TMB is an indirect wholly-owned subsidiary of Lloyds Banking Group plc. The businesses of Lloyds Banking Group plc and its subsidiary and associated undertakings (**Lloyds Banking Group**) are subject to substantial regulation and oversight. Adverse legal or regulatory developments could have a material adverse effect on Lloyds Banking Group entities performing roles in relation to the Mortgage Loans, the Notes and/or the Certificates.

Lloyds Banking Group and its businesses are subject to substantial regulation and regulatory and governmental oversight, legal and regulatory risk and legal and regulatory actions. Adverse legal or regulatory developments or exposure to legal or regulatory risk could have a material adverse effect on Lloyds Banking Group entities performing roles in relation to the Mortgage Loans, the Notes and/or the Certificates.

Lloyds Banking Group and its businesses are subject to substantial on-going regulation and to legal and regulatory risks, including the effects of changes in the laws, regulations, policies, court rulings, voluntary codes of practice and interpretations in the UK, the European Union and the other markets in which they operate. Implementation of legal and regulatory developments, increased regulatory oversight (for example, in respect of conduct issues, data protection, product governance and prudential regulatory developments, including ring-fencing) and future changes in laws and regulations could result in additional costs or limit, restrict or change the way that Lloyds Banking Group entities conduct their business and could materially adversely affect Lloyds Banking Group entities that undertake roles in relation to the Mortgage Loans, and their businesses and this could in turn have a material adverse effect on the Notes and/or the Certificates.

Certain members of Lloyds Banking Group and their business operations, in particular related to their treatment of customers, are subject to regulation by the FCA and other regulatory authorities in the UK or elsewhere. In recent periods, the UK banking industry has been subject to heightened attention from these regulatory authorities, as well as the press and the UK Government. The FCA in particular continues to focus on conduct of business issues through its supervision activities and has periodically identified certain key areas of focus in the consumer credit market.

Lloyds Banking Group and its subsidiaries perform various roles in relation to the Mortgage Loans, including TMB as Seller and Servicer, and Bank of Scotland as Cash Manager, Issuer Account Bank and Collection Account Bank. As a result, adverse events and risks relating to Lloyds Banking Group and its businesses including, but not limited to those events and risks described above could impact such Lloyds Banking Group entities and their businesses including their ability to or the way in which they undertake their roles in relation to the Mortgage Loans and also the market for the Notes and the Certificates, which could result in risks to Noteholders and Certificateholders including, but not limited to, an early redemption of the Notes and/or the Noteholders and Certificateholders incurring a loss on their investment. For further information on the role of third parties, see "*Counterparty Risks — Issuer Reliance on Third Parties*" above.

For additional information, Noteholders should also read the detailed information on specific legal and/or regulatory risks and developments set out elsewhere in these risk factors.

6. MACRO-ECONOMIC AND MARKET RISKS

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

There is currently a limited secondary market for the Notes and for securities similar to the Notes, and no assurance is provided that an active and liquid secondary market for the Notes will develop. None of the Notes has been, or will be, registered under the Securities Act or any other applicable securities laws, and they are subject to certain restrictions on the resale and other transfer thereof as set out under "*Subscription, Sale and Selling Restrictions*" and "*Transfer Restrictions and Investor Representations*". To the extent that a secondary market exists or develops, it may not continue for the life of the Notes or it may not provide Noteholders with liquidity of investment, with the result that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield or a desired return on projected amounts due in respect of the Notes. Any investor in the Notes must be prepared to hold its Notes until the Final Redemption Date.

Rule 17g-5, unsolicited ratings and ratings assigned to the Rated Notes may be lowered or withdrawn which may affect the market value of the Rated Notes

The expected ratings of the Rated Notes to be assigned on the Closing Date are set out under "*Ratings*". A 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 agency if, in its judgement, circumstances (including a reduction in the perceived creditworthiness of third parties, including a reduction in the credit rating of the Issuer Account Bank) in the future so warrant.

The rating process addresses structural and legal aspects associated with the securities, including the nature of the Loans. The ratings assigned to mortgage-backed securities do not represent any assessment of the likelihood that principal prepayments will be made by the borrowers or the degree to which such prepayments will differ from those originally anticipated. The ratings of the Rated Notes do not address the possibility that the holders of those Notes might suffer a lower than anticipated yield due to non-credit events.

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Rated Notes may be withdrawn, lowered or qualified. A qualification, downgrade

or withdrawal of any of the ratings mentioned above may adversely impact upon the value of the Notes. The Issuer has not requested that the Class Z Notes, the Class R Notes or the Certificates be rated by the Rating Agencies.

The Issuer selected S&P and Fitch to rate all of the Rated Notes. There can be no assurance that, had the Issuer selected other rating agencies to rate the Notes, the ratings that such rating agencies would have ultimately assigned to those Classes of Notes would have been equivalent to those assigned by S&P and Fitch. Neither the Issuer nor any other person or entity will have any duty to notify you if any other nationally recognised statistical rating organisation issues, or delivers notice of its intention to issue, unsolicited ratings on one or more Classes of the Notes after the Closing Date. Furthermore, the SEC may determine that one or more of the rating agencies engaged by the Issuer no longer qualifies as a nationally recognised statistical rating organisation and that determination may have an adverse effect on the liquidity, market value and regulatory characteristics of the Notes.

Except as described above, the Issuer has not requested a rating of any Class of Notes by any rating agency other than the Rating Agencies; however, a nationally recognised statistical rating organisations, as defined in Section 3(a)(62) of the Exchange Act, that the Issuer has not engaged to rate any Class of Notes may nevertheless issue unsolicited credit ratings on one or more Classes of Notes, in each case relying on information they receive pursuant to Rule 17g-5 under the Exchange Act (**Rule 17g-5**), or otherwise. There can be no assurance, however, as to whether any other rating agency will rate any Class of Notes or, if it does, what rating would be assigned by such rating agency. Any rating assigned by such other rating agency to a Class of Notes could be lower than the rating assigned by the Rating Agencies to such Class of Notes, and could have an adverse effect on the liquidity, market value and regulatory characteristics of the Rated Notes. Although unsolicited ratings may be issued by any rating agency, a rating agency might be more likely to issue an unsolicited rating if it was not selected after having provided preliminary feedback to the Issuer. For the avoidance of doubt and unless the context otherwise requires, any reference to ratings or rating in this Prospectus is to the ratings assigned by the Rating Agencies only.

As highlighted above, the ratings assigned to the Rated Notes by each Rating Agency are based on, among other things, the issuer default rating or deposit rating (if assigned) and, in the case of S&P only, the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the Issuer Account Bank and any replacement Issuer Account Bank. In the event one or more of these transaction parties are downgraded below the requisite ratings trigger, there can be no assurance that a replacement to that counterparty will be found which has the ratings required to maintain the then current ratings of the Rated Notes. If a replacement counterparty with the requisite ratings cannot be found, this is likely to have an adverse impact on the rating of the Rated Notes and, as a consequence, the resale price of the Rated Notes in the market and the prima facie eligibility of certain classes of the Rated Notes for use in liquidity schemes established by, inter alios, various central banks.

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.

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

The COVID-19 pandemic may have negative effects on the Portfolio

In March 2020, the World Health Organization declared the current outbreak of coronavirus disease 2019 (COVID-19) to be a global pandemic. The COVID-19 pandemic continues to cause widespread disruptions in the global supply chain, capital markets and economies, and those disruptions will likely continue for some time. The near-term outlook, both globally and in the UK, may become more uncertain following a resurgence in the number of cases in parts of the world, as well as the emergence of new variants (such as the Omicron variants). Concern about the effects of the COVID-19 pandemic and the effectiveness of measures put in place by global governmental bodies as well as by private enterprises to contain or mitigate its spread have adversely affected economic conditions and capital markets globally, and have led to unprecedented volatility in the financial markets.

The FCA makes clear in the FCA Payment Deferral Guidance (as defined in the section entitled "*Loans are subject to certain legal and regulatory risks – Mortgage repossessions*") and 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 that guidance.

There can be no assurance that the FCA, PRA, or other UK Government or regulatory bodies, will not take further steps in response to the COVID-19 pandemic in the UK (or the economic impact thereof) which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the FCA Payment Deferral Guidance and the Tailored Support Guidance.

If the timing of the payments or quantum of such payments, in respect of the Mortgage Loans or the Servicer's ability to repossess is adversely affected by any of the risks described above, then payments on the Notes and the Certificates could be reduced and/or delayed and could ultimately result in losses on the Notes and the Certificates. The proceeds of any possession order may be reduced and/or delayed by the Servicer's compliance with the Tailored Support Guidance.

The relationship between the United Kingdom with the European Union may affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market

The United Kingdom (UK) left the European Union (EU) on 31 January 2020 at 11pm, and the transition period ended on 31 December 2020 at 11pm. As a result, the Treaty on the European Union

and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The UK is also no longer part of the European Economic Area (EEA).

The EU UK Trade and Cooperation Agreement (the **Trade and Cooperation Agreement**), which governs the relations between the EU and the UK following the end of the transition period and which had provisional application pending completion of ratification procedures, entered into force on 1 May 2021. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the UK into the EU and from the EU into the UK.

The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under powers provided in this Act ensure that there is a functioning statute book in the UK. While the UK introduced a temporary permission regime to allow EEA firms to continue to do business in the UK for a limited period of time, once the passporting regime fell away, the majority of EEA states have not introduced similar transitional regimes. The Trade and Cooperation Agreement is only part of the overall package of agreements. Other supplementing agreements included a series of joint declarations on a range of important issues where further cooperation is foreseen, including financial services. The declarations state that the EU and the UK will discuss how to move forward with equivalence determinations in relation to financial services. It should be noted that even if equivalence arrangements for certain sectors of the financial services industry are agreed, market access is unlikely to be as comprehensive as the market access that the UK enjoyed through its EU membership.

Prospective investors should also note that the regulatory treatment, including the availability of any preferential regulatory treatment, of the Notes may be affected (as to which, see the section entitled "*Legal and Regulatory Risks*" – "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity in respect of the Notes*").

It is difficult to determine what the precise impact of the new relationship between the UK and the EU will be on general economic conditions in the UK, including any implications for the UK sovereign ratings, ratings of the relevant transaction parties or the performance of the UK housing market.

In addition, following the UK's withdrawal from the EU, future UK political developments and/or any changes in government structure and policies could affect the fiscal, monetary and regulatory landscape. No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market.

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 are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Notes that reference a SONIA rate issued under this Prospectus. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant 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.

Changes or uncertainty in respect of SONIA and/or other interest rate benchmarks may affect the value, liquidity or payment of interest under the Loans or the Notes

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

Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

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

Interest on the Notes is calculated by reference to SONIA and prospective investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) while an amendment may be made under Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*) of the Conditions of the Notes to change the base rate on the Floating Rate Notes from SONIA to an alternative base rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions being satisfied, there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Floating Rate Notes or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (c) if SONIA is discontinued or is otherwise unavailable, then the rate of interest on the Notes may be determined for a period by any applicable fall-back provisions provided for under Condition 6 (*Interest*) although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time) and may in certain

circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when SONIA was available.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Mortgage Loans and the Notes due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Moreover, any of the above matters 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 consequences in relation to the Floating Rate Notes. No assurance may be provided that relevant changes will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes. See also "*Risk Factors – Risks relating to the Characteristics of the Notes and the Certificates – 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*".

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

The terms of certain Transaction Documents provide that certain actions to be taken by the Issuer and/or the other parties to the Transaction Documents are contingent on such actions not having an adverse effect on the ratings assigned to the Rated Notes. In such circumstances, the Note Trustee or the Security Trustee may require the Issuer to seek confirmation from the Rating Agencies that certain actions proposed to be taken by the Issuer and the Note Trustee, or, as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Rated Notes (a **Rating Agency Confirmation**).

A Rating Agency Confirmation that any action or inaction proposed to be taken by the Issuer or the Note Trustee or, as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Rated Notes does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders of the Rated Notes. While entitled to have regard to the fact that the Rating Agencies have confirmed that the then current ratings of the Rated Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Noteholders of the Rated Notes), the Issuer, the Note Trustee, the Security Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Noteholders of the Rated Notes), the Issuer, the Note Trustee, the Security Trustee or any other person whether by way of contract or otherwise. In addition the Note Trustee and/or the Security Trustee, as applicable, may, but is not required to, have regard to any Rating Agency Confirmation.

Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. Certain Rating Agencies have indicated that they will no longer provide Rating Agency Confirmations as a matter of policy. To the extent that a Rating Agency Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions. It should be noted that, depending on the nature of the request, the timing of delivery of the request and of any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. A Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the

relevant time and in the context of cumulative changes to the transaction of which the securities have formed part since the Closing Date. A Rating Agency Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Where the Transaction Documents allow the Note Trustee to seek a Rating Agency Confirmation and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and (i) (A) one or more Rating Agencies (each such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given and (ii) the Issuer has otherwise received no indication from that Rating Agency that its then current rating of the Rated Notes would be reduced, qualified, withdrawn or put on negative watch as a result of such step, action or matter, then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that (I) a written request for such Rating Agency Confirmation has been delivered to each Rating Agency by or on behalf of the Issuer and (II) each of the events in paragraph (i)(A) or (B) has occurred, and each of the Note Trustee and the Security Trustee shall be entitled to rely on such certificate absolutely without enquiry or liability. Where a Rating Agency 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 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Rated Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Rated Notes may have an adverse effect on the value of the Rated Notes.

Effects of the Volcker Rule on the Issuer, the Notes and the holders of the Notes

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (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. On 10 December 2013, U.S. regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act, which added a new Section 13 to the Bank Holding Company Act of 1956, commonly referred to as the "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 Issuer has been structured so as not to constitute a "covered fund" for purposes of the Volcker Rule and its implementing regulations. If the Issuer is considered a "covered fund", the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes.

See "*The Volcker Rule*" for information on the Issuer's status under the Volcker Rule. Any prospective investor in the Notes or Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

7. LEGAL AND REGULATORY RISKS

Certain regulatory considerations

Failure by the Seller or any broker to hold authorisation under the FSMA may have an adverse effect on enforceability of 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, arranging or advising in respect of, and administering, regulated mortgage contracts, and agreeing to do any of those activities, are (subject to certain exemptions) regulated activities under the FSMA and the FSMA (Regulated Activities) Order 2001 (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 on or after the Regulation Effective Date but before 21 March 2016, it was a regulated mortgage contract under the RAO if: (a) the lender provided credit to an individual or to trustees; and (b) the obligation of the borrower to repay was secured by a first legal mortgage on land (other than timeshare accommodation) in the United Kingdom, at least 40 per cent. of which 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 was a beneficiary of the trust, or by a related person. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is broadly the person's spouse or civil partner, near relative or a person with whom the borrower (or in the case of credit provided to trustees, a beneficiary of the trust) has a relationship which is characteristic of a spouse.

There have been incremental changes to the definition of a regulated mortgage contract over time, including, from 21 March 2016, as a result of the implementation of the European Mortgage Credit Directive (2014/17/EU) (the **Mortgage Credit Directive**), 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 and the UK rather than just the UK.

The current definition of a regulated mortgage contract is such that if a mortgage contract is entered into on or after 21 March 2016, it will be a regulated mortgage contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions such as the relevant exclusions for buy-to-let loans): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land in the EEA or in the UK, at least 40 per cent. of which is used, or is intended to be used, in the case of credit provided to an individual, as or in connection with a dwelling or in the case of credit provided to a trustee who is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person.

Credit agreements which were originated before 21 March 2016, which were regulated by the Consumer Credit Act 1974 (as amended) (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 Mortgage Credit Directive Order as 'consumer credit back book mortgage contracts' and are also therefore regulated mortgage contracts (see the section entitled "*Risk Factors – Certain regulatory considerations - Regulation of residential secured lending*" below). Unless an exclusion or exemption applies, each entity carrying on a regulated activity under the FSMA has to hold authorisation and permission under the FSMA to carry on that activity.

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 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, in such circumstances, will have committed 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 will 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 who carries on the regulated activity of entering into a Regulated Mortgage Contract (such as the Seller as at the time of origination of the Loans). 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. 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 a loan or any other loan that the Borrower has taken with that authorised person. Any such claim or set-off may reduce the amounts available to meet the payments due in respect of the Notes.

At the time of origination, the Seller was required to hold, and held at that relevant time, authorisation and permission to enter into and to administer and, where applicable, to advise in respect of Regulated Mortgage Contracts. Subject to any exemption, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of regulated mortgage contracts.

The Issuer is not, nor proposes to be, an authorised person under the FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a regulated mortgage contract. The Issuer does not carry on the regulated activity of administering (servicing) regulated mortgage contracts, because the Mortgage Loans are serviced pursuant to the Servicing Agreement by the Servicer, which has the required FCA authorisation and permission under the FSMA. If the Servicing Agreement terminates, however, the Issuer will be required to appoint a replacement servicer which has the required FCA authorisation and permission under the FSMA. In addition, no variation may be made to the Mortgage Loans in the Mortgage Portfolio and no Further Advance or Product Switch has been or will be made in relation to a Mortgage Loan in the Mortgage Portfolio where it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a Regulated Mortgage Contract or debt-counselling or debt-collecting or performing debt administration in respect of, an unregulated first charge mortgage or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

The 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, amongst other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions.

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 may be unenforceable against the Borrower except with the approval of a court.

Regulation of residential secured lending

The UK Government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending, replacing the regime for consumer credit under which second charge lending previously fell. The UK Government concluded there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is secured by a first or subsequent charge. The Mortgage Credit Directive also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK Government therefore concluded that it made sense to implement changes to second (and subsequent) charge lending alongside the implementation of the Mortgage Credit Directive. 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. Consequently, in November 2015, the UK Government made legislation the effect of which was that the administration of and other activities relating to pre-October 2004 first charge mortgages which at that time were regulated by the CCA became regulated mortgage activities from 21 March 2017, although firms could have adopted the new rules from 21 March 2016 if they so chose. The move of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 (the **Mortgage Credit Directive Order**). The UK Government put in place transition provisions for existing Mortgage Loans so that some of the CCA protections in place when the loans were originally taken out were not removed retrospectively.

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 will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with section 77A of the CCA (duty to serve an annual statement) or section 86B of the CCA (duty to serve a notice of sums in arrears (NOSIA)), once the consumer credit back book mortgage contract became regulated by FSMA under the Mortgage Credit Directive Order as of 21 March 2016, the sanction of interest not being chargeable under section 77A of the CCA and section 86D of the CCA ceased to apply, but only for interest payable under those Mortgage Loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to the unfair relationship provisions described below (see the section entitled "*Risk Factors – Certain regulatory considerations – Unfair Relationships*" 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 and the CCA that are not contained within MCOB.

The Seller has given or, as applicable, will give warranties to the Issuer and the Security Trustee in the Mortgage Sale Agreement that, *inter alia*, each Mortgage Loan and its Related Security is enforceable (subject to certain exceptions). If a Mortgage Loan or its Related Security does not materially comply with these warranties, and if the default cannot be or is not cured within 90 days of the Seller being notified by the Issuer, then the Seller will, upon receipt of notice from the Issuer, be required to repurchase the Mortgage Loans and their Related Security.

This regulatory regime may result in adverse effects on the enforceability of certain Mortgage Loans and consequently the Issuer's ability to make payment in full on the Notes when due.

Non-Disclosure of broker commissions may have a material adverse effect on the Mortgage Loans and accordingly on the ability of the Issuer to make payments to the holders of the Notes

Certain of the Mortgage Loans have been originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the Seller in its capacity as originator paid commission to such intermediaries in consideration for such activities in the form of a procurement fee. The standard loan offer documents for a number of such Mortgage Loans specified the fact and amount of commission, however the standard loan offer documents of a number of such other Mortgage Loans were silent as to broker commission.

Where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, that Borrower may have a claim against the legal title holder of the affected Mortgage Loan. If such claim was successful, it is likely that a court would order payment to such Borrower of the amount of commission paid in respect of the affected Mortgage Loan together with interest on that amount (although the court does have discretion as to the remedy that it would award the borrower in the circumstances), whereas the award is likely to be greater where there was a failure to disclose the existence of the commission to a Borrower. A Borrower may set-off the amount of claim against the amount owing under the Mortgage Loan. Any such claim or set-off may reduce the amounts available to meet the payments due in respect of the Notes.

Loans are subject to certain legal and regulatory risks

Certain additional regulatory risks exist in relation to the Loans, including in relation to the legal and regulatory considerations relating to the Loans and their Related Security, changes in law, regulation, the possibility of complaints by Borrowers in relation to terms of the Loans and in relation to the policies and procedures of the Seller as legal title holder. Any such action or developments or compliance costs may have a material adverse effect on the Loans, the Seller as originator, the Issuer and/or the Servicer and their respective businesses and operations. If any of these risks materialise they could have an adverse effect on the ability of the Issuer to satisfy its obligations under the Notes. Further detail on certain considerations in relation to the regulation of mortgages in the UK is set out in the section headed "*Certain Regulatory Considerations in respect of the Loans – Potential effects of any additional regulatory changes*" below and certain specific risks are set out 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 Lloyds Banking Group and its businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Loans. Any such changes (including changes in regulators' responsibilities) may also adversely affect the Issuer's operating results, financial condition and prospects. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans*" below.

Unfair Relationships. If a court determines that there was an unfair relationship between the Seller and the Borrowers in respect of the Loans and ordered that financial redress was made in respect of such Loans, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans and/or the ability of the Issuer to make payments under the Notes. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Unfair relationships*" below.

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 lenders. If a significant proportion of the Loans are treated as being cancellable under these regulations, there could be an adverse effect on the Issuer's receipts in respect of the Loans affecting the Issuer's ability to make

payments under the Notes. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Distance Marketing*" below.

UTCCR and CRA. The UTCCR and the Consumer Rights Act 2015 (**CRA**) provide that a consumer may, in certain circumstances, challenge a term in an agreement on the basis that it is unfair. 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 or CRA 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 or entered into from 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, including by way of non-recovery of a Loan, 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).

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 as legal title holder, 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 or the CRA, or reform of the UTCCR or 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 the UTCCR and the CRA is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Unfair Terms in Consumer Contracts Regulations and the Consumer Rights Act 2015*" below.

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 satisfy its obligations under the Notes. Further detail in relation to the CPUTR is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Consumer Protection from Unfair Trading Regulations 2008*" 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. 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. Given the way the Ombudsman makes its decisions, 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. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Financial Ombudsman Service*" below.

Mortgage repossession. The protocols for mortgage repossession may have adverse effects in relation to the ability of the Seller as legal title holder to repossess properties 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. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Mortgage repossession*" below.

Private Housing (Tenancies) (Scotland) Act 2016. The 2016 Act restricts a landlord's ability to regain possession of the property to a number of specific eviction grounds. Delays to landlords seeking possession of a property and the restrictions on a landlord's ability to increase rent during the period in which these protections are in place may result in less rental income being available to meet the Borrower's repayment obligations in respect of the Loans and may affect the ability of the Issuer to

make payments under the Notes. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Private Housing (Tenancies) (Scotland) Act 2016*"

Mortgage Prisoners. There are some consumers who cannot switch to a more affordable mortgage despite being up-to-date with their mortgage payments – often called 'mortgage prisoners'. There is a risk that increased redemption rates in respect of the Loans comprising the Portfolio could, in certain circumstances, adversely affect the yield to maturity of the Notes by increasing voluntary prepayment rates above those anticipated. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Mortgage Prisoners*"

Breathing space regulations. The Breathing Space Regulations gives eligible individuals in England and Wales 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 with problems debt legal protection from creditor action for up to 60 days; and a mental health crisis breathing space will give an individual protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days. 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 make payments due under the Notes. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Breathing Space Regulations*"

The Renting Homes (Wales) Act 2016. The Renting Homes Act converts the majority of existing residential tenancies in Wales into an occupation contract' with retrospective effect when it is brought fully into force. Subject to certain criteria being met, residential lettings and tenancies granted on or after 1 December 2022 will be 'occupation contracts'. The Renting Homes Act (which only has effect in Wales) does not contain an equivalent mandatory ground for possession that a lender had under the Housing Act 1988 where a property was subject to a mortgage granted before the beginning of the tenancy and the lender required possession in order to dispose of the property with vacant possession. The Renting Homes Act may result in lower recoveries in relation to buy-to-let mortgage loans over properties in Wales and may affect the ability of the Issuer to make payments under the Notes. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – The Renting Homes (Wales) Act 2016*" below.

Investors should note, as at the date of this Prospectus, the Tailored Support Guidance, as described below in the section entitled "Mortgages and coronavirus: FCA guidance for firms" in response to the COVID-19 outbreak in the UK states that from 1 April 2021, subject to any relevant government restrictions on repossessions, firms may enforce repossession provided they act in accordance with (as applicable) the Tailored Support Guidance, MCOB 13 and relevant regulatory and legislative requirements. The Tailored Support Guidance provides that action to seek possession should be a last resort and should not be started unless all other reasonable attempts to resolve the position have failed. The FCA makes clear in the guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with these requirements.

Additionally, on 3 November 2022, the FCA published a report setting out the key findings of its review of firms' treatment of borrowers in financial difficulty following the COVID-19 pandemic, noting that it will continue to monitor data to assess how firms are considering and delivering forbearance in response to the cost of living crisis. There can be no assurance that the FCA, PRA, or other UK Government or regulatory bodies, will not take further steps in response to the cost of living crisis which may impact the performance of the Mortgage Loans.

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the group and its businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes

when due. No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller as originator. This may adversely affect the Issuer's ability to make payments in full when due on the Notes. Further detail is included in the section headed "*Certain Regulatory Considerations in respect of the Loans – Potential effects of any additional regulatory changes*" below

Assured Shorthold Tenancy (AST). Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales may also be an Assured Tenancy (AT) or Assured Shorthold Tenancy (AST) under the Housing Act 1988. There is a risk that in certain circumstances, where a long lease is also an AT/AST due to the level of the ground rent, 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 realisable value of the Portfolio, and/or the ability of the Issuer to make payments in full on the Notes when due.

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 (as set out in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the **TSC Regulations**)), and as such should be taxed only on the amount of its "retained profit" (as that term is defined in the TSC Regulations), for so long as it satisfies the conditions of the TSC Regulations.

However, if the Issuer does not in fact satisfy the conditions of the TSC Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to Tax liabilities not contemplated in the cash flows for the transaction described in this Prospectus. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and the Certificates and may result in investors receiving less interest and/or principal than expected.

Withholding Tax may result in Noteholders receiving less as a result of such withholding or deduction

Where the Notes are and continue to be "listed on a recognised stock exchange" (within the meaning of section 1005 of the Income Tax Act 2007), 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 Notes. However, there can be no assurance that the law in this area will not change during the life of the Notes.

In the event that any withholding or deduction for or on account of any tax is imposed on payments in respect of the Notes, neither the Issuer nor any other person will be obliged to gross up or otherwise compensate Noteholders for such withholding or deduction. However, where any withholding or deduction for or on account of any United Kingdom taxes, duties, assessments or governmental charges is imposed on payments in respect of the Notes by reason of a change in tax law which becomes effective on or after the Closing Date, the Issuer will, in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) of the Notes, be required to mitigate such an imposition through the appointment of a Paying Agent in another jurisdiction or using reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction if such action would avoid the imposition of the withholding or deduction.

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

The Issuer is expected to be treated as a Passive Foreign Investment Company and may be treated as a Controlled Foreign Corporation for U.S. federal income tax purposes

The Issuer is expected to be a passive foreign investment company (**PFIC**) for U.S. federal income tax purposes, which means that a United States holder of the Class E Notes, Class F Notes, and Class X Notes, Class Z Notes and Class R Notes (and any other Class of Notes treated as equity for U.S. federal income tax purposes) may be subject to adverse tax consequences unless such holder elects to treat the Issuer as a qualifying electing fund (a **QEF**) and to recognise currently its proportionate share of the Issuer's ordinary income and long-term capital gain whether or not distributed to such holder. In addition, and depending on the overall ownership of interests in the Issuer, a United States holder of more than ten per cent. of the Equity Notes may be treated as a United States shareholder in a controlled foreign corporation (a **CFC**) and required to recognise currently its proportionate share of the "subpart F income" of the Issuer, whether or not distributed to such holder. The Issuer agrees to make available to any United States holder of Equity Notes or of any Class of Notes that is determined by the U.S. Internal Revenue Service to be treated as equity in the Issuer, upon such United States holder's request and at the Issuer's expense, the books and records of the Issuer, and to provide information to such United States holder pertinent to the Issuer's status as a PFIC as defined in Section 1297(a) of the Code. Upon request by such United States holder, the Issuer will timely provide to each such United States holder, at the Issuer's expense, all information reasonably available to the Issuer to permit such United States holder to (i) accurately prepare all tax returns and comply with any reporting requirements as a result of the Issuer's status as a PFIC and (ii) make and maintain any tax election (including, without limitation, a QEF election under Section 1295 of the Code) with respect to the Issuer and comply with any reporting or other requirements incident to such election. In addition, the Issuer, at its expense, shall from time to time at the request of a Noteholder provide all information that is reasonably required to determine if United States shareholders' (as defined in the section entitled "*United States Federal Income Taxation – Investment in a Controlled Foreign Corporation*") direct or indirect ownership of the Issuer would cause the Issuer to be considered a CFC as defined in Section 957(a) of the Code. If the Issuer or a Noteholder determines that the Issuer is a CFC, the Issuer shall furnish to each Noteholder upon its reasonable request, on a timely basis, and at the Issuer's expense, all information necessary to satisfy the U.S. income tax return filing requirements of such Noteholder arising from its investment in the Issuer. A United States holder that makes a QEF election or that is required to recognise currently its proportionate share of the subpart F income of the Issuer will be required to include in the current income its pro rata share of such earnings, income or amounts whether or not the Issuer actually makes any payments to such holder. Potential investors should consult with their tax advisers regarding the applications of the passive foreign investment company rules to an investment in the Notes and the controlled foreign corporation rules and the applicability of such rules to each such potential investor.

U.S. tax characterisation of the Notes

The Issuer has agreed and, by its acceptance of a U.S. Note (as defined in the section entitled "*United States Federal Income Taxation – Characterisation of the Rule 144A Notes*"), each holder (and any beneficial owners of any interest therein) will be deemed to have agreed, to treat the U.S. Notes as debt of the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law and for certain limited purposes. The determination of whether a Note will be treated as debt for U.S. federal income tax purposes is based on the facts and circumstances existing at the time the Note is issued.

Prospective investors should be aware that the classification of an instrument as debt or equity is highly factual, and there can be no assurance that the U.S. Internal Revenue Service will not seek to characterise as other than indebtedness any particular Class or Classes of the U.S. Notes. If any of the U.S. Notes were treated as equity for U.S. federal income tax purposes, adverse U.S. federal income tax consequences, including the application of the passive foreign investment company rules to the investment in such Class of the U.S. Notes, might apply.

The Issuer has agreed and, by its acceptance of a Class E Note, Class F Note, Class X Notes, Class Z Note, and Class R Note, each holder (and any beneficial owners of any interest therein) will be deemed

to have agreed, to treat such Note as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law.

Noteholders' interests may be adversely affected by a change of law

The structure of the transaction described in this Prospectus (including, inter alia, the issuance of the Notes) and the ratings which are to be assigned to the Rated Notes are based on the relevant law and administrative practice in effect as at the date hereof as it affects the parties to the transaction and the Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to the law (including any change in regulation which may occur without a change in primary legislation), 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. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity in respect 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 multiple measures for increased regulation which are at various stages of implementation and which may have an adverse impact on the regulatory position of 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 should consult their own advisers in this respect. None of the Issuer, the Joint Arrangers, the Joint Lead Managers or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date, or at any time in the future.

Investors in the Notes should note the following regulatory initiatives which may have an adverse impact on the regulatory position of 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:

Prudential regulation reforms under Basel or other frameworks may have an adverse impact on the regulatory capital treatment of the Notes

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 Solvency II frameworks in Europe and the UK, both of which are under review and subject to further reforms. 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.

In a speech given in March 2021, the European Commissioner for Financial Services, Financial Stability, and Capital Markets Union (CMU), indicated that the European Commission intended to adopt a legislative proposal on the implementation of the final Basel III/IV standards in July 2021. However, in a speech given in April 2021, the President of the European Commission indicated that the proposal might not be adopted before autumn 2021. The implementation date of Basel III/IV has been postponed until January 2023 and is expected to phase until 2028 due to the COVID-19 outbreak. 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 Solvency II framework in Europe. 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.

Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of 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 have not yet been finalised and compliance with certain requirements is 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 wider review on which the European Commission is expected to report in 2022.

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

The UK Securitisation Regulation applies in the UK from 11pm (London time) on 31 December 2020 following the end of the transition period relating to the UK's withdrawal from the EU (note that the UK is also no longer part of the EEA). The UK Securitisation Regulation largely mirrors (with some adjustments) the EU Securitisation Regulation as it applied in the EU at the end of 2020 (meaning that the amendments that took effect in the EU from 9 April 2021 are not part of the UK regime). The UK Securitisation Regulation regime is currently subject to a review. 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. The legislative reforms affecting the UK Securitisation Regulation regime are being introduced under the Financial Services and Markets Bill published in July 2022 and the "Edinburgh Reforms" of UK financial services were unveiled on 9 December 2022. The timing and all of the details for the implementation of securitisation-specific reforms are not yet known, but these are expected to become clearer in the course 2023. Therefore, some divergence between EU and UK regimes exists already and the risk of more divergence in the future between EU and UK regimes cannot be ruled out.

Certain UK and European-regulated institutional investors, including credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities (UCITs) and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 of the UK Securitisation Regulation or Article 5 of the EU 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 UK or EU regime certain matters with respect to compliance of the

relevant transaction parties with credit granting standards, risk retention and transparency requirements. If the relevant UK or European-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these 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 UK Securitisation Regulation and the EU Securitisation Regulation and what is or will be required to demonstrate compliance to relevant national regulators remain unclear. Prospective investors should therefore make themselves aware of the requirements 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 UK Securitisation Regulation or the EU Securitisation Regulation (including any corresponding national measures which may be relevant).

Various parties to the securitisation transaction described in this Prospectus (including the Retention Holder and the Issuer) are also subject to the requirements of the UK Securitisation Regulation. However, some uncertainty remains in relation to the interpretation of some of these requirements and what is or will be required to demonstrate compliance to the relevant UK regulators. Prospective investors are referred to the sections entitled "*Certain Regulatory Disclosures*" for further details and should note that there can be no assurance that undertakings relating to compliance with the EU Securitisation Regulation (but solely as it is interpreted and applied on the Closing Date) or the UK Securitisation Regulation, the information in this Prospectus or information to be made available to investors in accordance with such undertakings or otherwise will be adequate for any prospective institutional investors to comply with their due diligence obligations under the UK Securitisation Regulation or the EU Securitisation Regulation (as if it were applicable to the Retention Holder and solely as in force on the Closing Date). Prospective investors should also note that the Retention Holder has 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 (there is no obligation to comply with any amendments to applicable EU technical standards, guidance or policy statements introduced in relation thereto after the Closing Date).

The Retention Holder has undertaken in the Risk Retention Letter not to sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except, in each case, to the extent permitted by the UK Securitisation Regulation and the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date). Following the Closing Date, the Retention Holder may seek to obtain funding from one or more third parties (which may include the Joint Lead Managers) to provide financing, directly or indirectly, to the Retention Holder and/or any of its affiliates and related entities. Such financing may, directly or indirectly, involve financing some or all of the Retained Interest (subject always to compliance with applicable law), and such financier may receive security over assets of the Retention Holder and/or its affiliates, including security over the Retained Interest, resulting in such financier having enforcement rights and remedies, which may include the right to appropriate or sell the Retained Interest. In carrying out such sale, the third party would not be required to have regard to any retention requirements, including the U.S. Credit Risk Retention Requirements, the UK Securitisation Regulation and the EU Securitisation Regulation, and any such sale may therefore from such time cause the transaction described in this Prospectus to cease to be compliant with such requirements.

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 advisers in this respect.

STS designation impacts on regulatory treatment of the Notes

The UK Securitisation Regulation (and Regulation (EU) No 575/2013 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, the Bank of England or the PRA (or their successor) in relation thereto (**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 a UK STS securitisation.

The 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.

The Notes are not intended to be designated as an STS securitisation for the purposes of the UK Securitisation Regulation or the EU Securitisation Regulation. Prospective investors are themselves responsible for analysing their own regulatory position, and should consult their own advisers in this respect and should consider (and where appropriate, take independent advice on) the consequence from a regulatory perspective of the Notes not being considered an STS securitisation in the UK or the EU, including (but not limited to) that the lack of such designation may negatively affect the regulatory position of, and the capital charges on, the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market.

U.S. Risk Retention

Pursuant to Section 15G of the Exchange Act as added by Section 941 of the Dodd-Frank Act and implemented by the final rules promulgated thereunder (the **U.S. Credit Risk Retention Requirements**), the "sponsor" of a "securitisation transaction" is required to retain not less than five per cent. of the "credit risk" of assets collateralising the issuance of "asset-backed securities" and is generally prohibited from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on 24 December 2015.

Until the later of (i) the fifth anniversary of the Closing Date and (ii) the date on which the Current Balance of all Loans in the Portfolio has been reduced to 25 per cent. of the Current Balance of all Loans in the Portfolio as of the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the **Sunset Date**), the U.S. Credit Risk Retention Requirements impose limitations on the ability of the Sponsor to dispose of or hedge the retained eligible vertical interest (an **EVI**). In general prior to the Sunset Date, the Sponsor may not transfer the retained EVI to any person other than a majority-owned affiliate of the Sponsor.

In addition, prior to the Sunset Date, the Sponsor and its affiliates may not engage in any hedging transactions if payments on the hedge instrument are materially related to the retained EVI and the hedge position would limit the financial exposure of the Sponsor (or a majority-owned affiliate) to the retained EVI. The Sponsor (or an affiliate) may not pledge its interest in a retained EVI as collateral for any financing unless such financing is full recourse to the Sponsor (or an affiliate). Lloyds Bank Corporate Markets plc, as majority owned affiliate of TMB, the "sponsor" (**Sponsor**) for purposes of the U.S. Credit Risk Retention Requirements, may hold the retained interest. The Sponsor intends to satisfy the requirements of the U.S. Credit Risk Retention Requirements by procuring that the Retention

Holder acquires on the Closing Date an EVI equal to five per cent. in each Class of Notes and the Certificates.

If the Sponsor or the Retention Holder fails to retain credit risk in accordance with the U.S. Credit Risk Retention Requirements, or engages in a hedging transaction with respect to the retained interest prior to the Sunset Date, the value and liquidity of the Notes or the Certificates may be adversely affected.

Prospective Investors should make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes or the Certificates, and consult their own advisers as to the U.S. Credit Risk Retention Requirements. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Risks relating to the Banking Act 2009

The Banking Act 2009 (the **Banking Act**) includes provision for a special resolution regime (**SRR**) 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 EEA and third-country institutions. Relevant transaction entities for these purposes may include the Seller, the Servicer, the Sponsor, the Sponsor Administrator, the Retention Holder, the Cash Manager, the Issuer Account Bank, Principal Paying Agent, Agent Bank, the Registrar and the Collection Account Bank.

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

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. 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 UK authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of a relevant entity as described above, such action may (amongst other things) affect the ability of such entities to satisfy their 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 (such as the Scottish Declaration of Trust), (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 may 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 Mortgage 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.

Insolvency considerations

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*" below). In certain circumstances, including the occurrence of certain insolvency (or certain pre-insolvency) events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of ipso facto clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the **Restructuring Plan**) that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the application of the new moratorium regime and the ban on ipso facto clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change.

While the transaction structure (through the use of limited recourse provisions and non-petition clauses) is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency 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 or the laws affecting the creditors' rights generally) which may result in material losses being incurred by Noteholders.

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 1986 (**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 which may result in payments on the Notes being reduced and/or delayed and could ultimately result in losses on the Notes.

Liquidation expenses payable on floating charge realisation will reduce amounts available to satisfy the claims of secured creditors of the Issuer

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).

As a result of the changes described above, which bring the position in a liquidation into 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 the Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation or administration expenses. There can be no assurance that the Secured Creditors will not be adversely affected by such a reduction in floating charge realisations.

8. RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES AND THE CERTIFICATES

The Notes and Certificates will generally not be in physical form, which may cause delays in distributions and hamper the ability to pledge or resell the Notes and Certificates

Beneficial ownership of the Notes and the Certificates (other than when in definitive form) will only be recorded in book-entry form with Euroclear, Clearstream, Luxembourg or with any alternative clearing system agreed by the Issuer (**Book-Entry Interests**). The Global Notes will not be exchanged for

Definitive Notes except in limited set of circumstances. The lack of Notes and Certificates in physical form could, among other things:

- (a) result in payment delays on such Notes or Certificates because the Issuer will be sending distributions on the Notes and Certificates to Euroclear, Clearstream, Luxembourg or any alternative clearing system agreed by the Issuer instead of directly to you;
- (b) make it difficult for you to pledge such Notes or Certificates if notes or certificates in physical form are required by the party demanding the pledge; and
- (c) hinder your ability to resell such Notes or Certificates because some investors may be unwilling to buy Notes or Certificates that are not in physical form.

The minimum denominations on the Notes may adversely affect payments on the Notes if issued in definitive form

The minimum denominations on the Notes may adversely affect payments on the Notes if issued in definitive form. Each Note will be issued in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof. However, if Registered Definitive Notes are required to be issued in respect of the Notes represented by Global Notes, they will only be printed and issued in denominations of £100,000 (or the equivalent in any other currency as at the date of the issue of the Notes), as the case may be. Accordingly, it is possible that the 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, if Registered Definitive Notes are required to be issued, a Noteholder who holds a principal amount which (after deducting integral multiples of such minimum authorised denomination) is less than the minimum authorised denomination at the relevant time may not receive a Registered Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that its holding amounts to the minimum authorised denomination (or another relevant denomination amount).

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

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

Payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg to a nominee of the Common Safekeeper in the case of the Global Notes. Payments of amounts due in respect of the Global Certificates will be made by the Principal Paying Agent to a nominee of the Common Depository in the case of the Global Certificates. Upon receipt of any payment from the Principal Paying Agent, Euroclear and/or Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records.

On each record date (the **Record Date**) Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Notes (i) where the Notes are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date and (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by participants or indirect 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 registered in "streetname", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Security Trustee, the Note Trustee, the Agent Bank, the Paying Agents or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike Noteholders and Certificateholders, 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 or Certificateholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes and Certificates, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Registered Definitive Notes and Registered Definitive Certificates are issued in accordance with the relevant provisions described herein under the sections entitled "*Terms and Conditions of the Notes*" and "*Terms and Conditions of the Certificates*" below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among participants 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 Security Trustee or the Note Trustee, or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

Certain transfers of Notes and/or Certificates or interests therein may only be affected 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

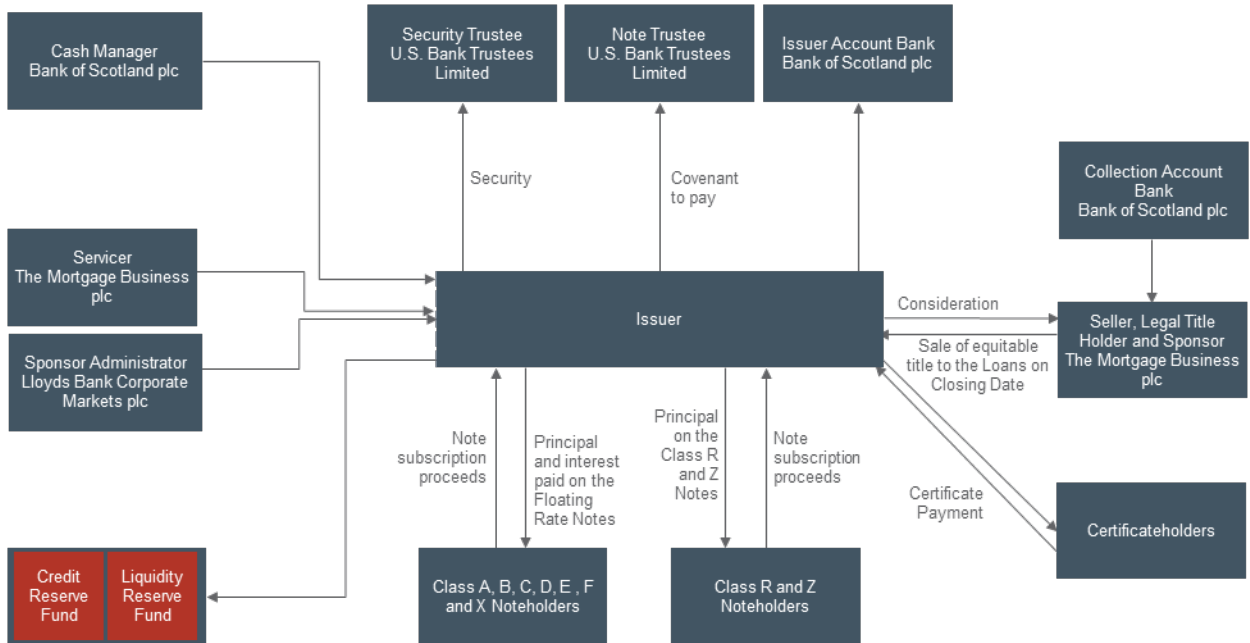
Whilst central bank schemes (such as the Bank of England's (**BoE**) Discount Window Facility, the Indexed Long-Term Repo Facility and other schemes under its Sterling Monetary Framework, and the Eurosystem monetary policy framework for the European Central Bank), including emergency liquidity operations introduced by central banks in response to a financial crisis or a wide-spread health crisis (such as the 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. Investors should make their own conclusions and seek their own advice with respect to whether or not the Notes or the Certificates 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 and as at the Closing Date the Notes and the Certificates are not expected to be eligible securities for the purpose of the Eurosystem facilities.

If the Notes cannot meet the central bank eligibility, it may impact on the liquidity of the Notes and could have an adverse effect on their value.

STRUCTURE DIAGRAMS

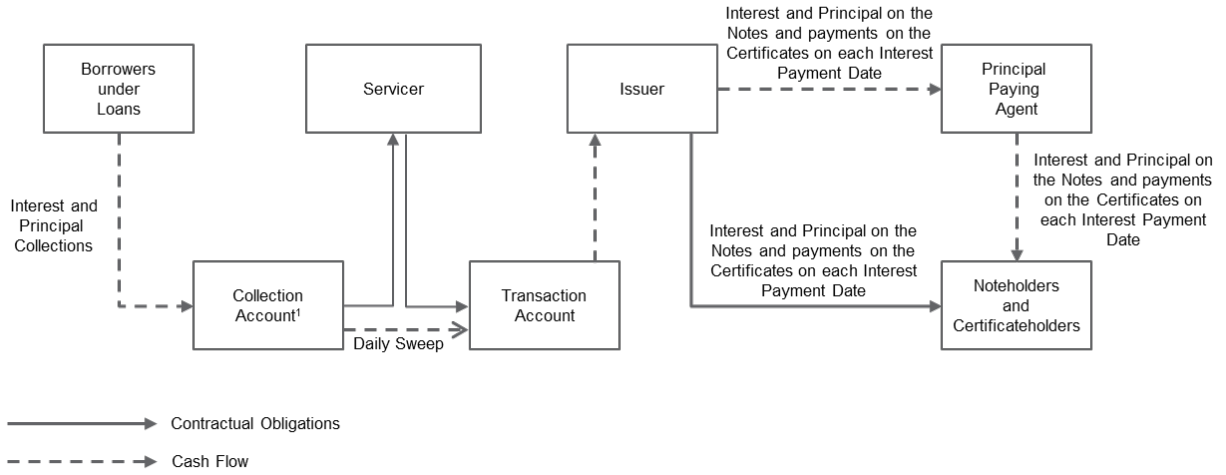
DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

Figure 1 – Transaction Structure



DIAGRAMMATIC OVERVIEW OF THE TRANSACTION'S ONGOING CASHFLOWS

Figure 2 – Cashflow Structure



¹ Held in the name of the Collection Account Bank

OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

FIGURE 3 – Ownership Structure

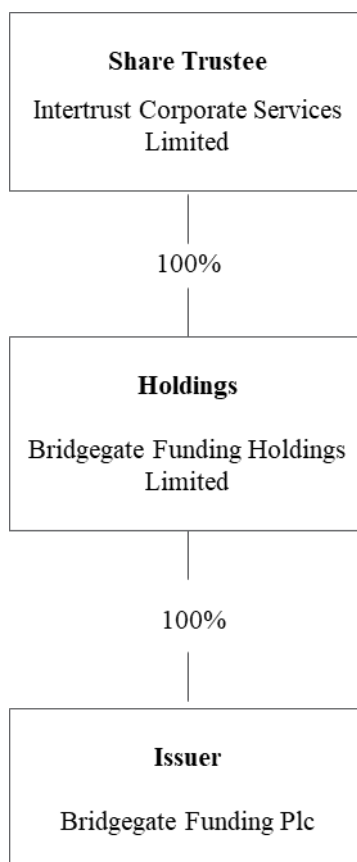


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

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

TRANSACTION OVERVIEW – TRANSACTION PARTIES

The information set out below is an overview of the transaction parties (the **Transaction Parties**). This overview does not purport 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.

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

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.

Party	Name	Address	Document under which appointed/Further information
Issuer	Bridgegate Funding plc	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX	See the section entitled " <i>The Issuer</i> " for further information.
Holdings	Bridgegate Funding Holdings Limited	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX	See the section entitled " <i>Holdings</i> " for further information.
Seller	The Mortgage Business Public Limited Company	Trinity Road, Halifax HX1 2RG	See the section entitled " <i>The Seller, the Legal Title Holder, the Servicer and the Sponsor</i> " for further information.
Sponsor Administrator and Retention Holder for U.S. risk retention purposes, and Retention Holder for UK and EU risk retention purposes	Lloyds Bank Corporate Markets plc	25 Gresham Street, London EC2V 7HN	The Sponsor Administrator was appointed pursuant to the Sponsor Administration Agreement. See the section entitled " <i>Summary of the Key Transaction Documents – Sponsor Administration Agreement</i> " for further information.
Servicer, Legal Title Holder and Sponsor	The Mortgage Business Public Limited Company	Trinity Road, Halifax HX1 2RG	Servicing Agreement. See the section entitled " <i>Summary of the Key Transaction Documents – Servicing Agreement</i> " for further information.
Cash Manager	Bank of Scotland plc	The Mound, Edinburgh, EH1 1YZ	Cash Management Agreement. See the sections entitled " <i>Summary of the</i>

Party	Name	Address	Document under which appointed/Further information
			<i>Key Transaction Documents – Cash Management Agreement" and "The Cash Manager and the Issuer Account Bank and Collection Account Bank" for further information.</i>
Issuer Account Bank	Bank of Scotland plc	The Mound, Edinburgh, EH1 1YZ	Bank Account Agreement. See the sections entitled " <i>Summary of the Key Transaction Documents – The Bank Account Agreement" and "The Cash Manager and the Issuer Account Bank and Collection Account Bank"</i> for further information.
Security Trustee	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London, EC2N 1AR	Deed of Charge. See the sections entitled " <i>Terms and Conditions of the Notes" and "The Note Trustee and the Security Trustee"</i> for further information.
Note Trustee	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London, EC2N 1AR	Trust Deed. See the sections entitled " <i>Terms and Conditions of the Notes" and "The Note Trustee and the Security Trustee"</i> for further information.
Principal Paying Agent and Agent Bank	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Agency Agreement. See the section entitled " <i>Terms and Conditions of the Notes"</i> for further information.
Registrar	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	In respect of the Notes and Certificates, the Agency Agreement. See the section entitled " <i>Terms and Conditions of the Notes"</i> for further information.

Party	Name	Address	Document under which appointed/Further information
Corporate Services Provider	Intertrust Management Limited	1 Bartholomew Lane, London, EC2N 2AX	Corporate Services Agreement. See the section entitled " <i>The Corporate Services Provider and Back-Up Servicing Facilitator</i> " for further information.
Back-Up Servicing Facilitator	Intertrust Management Limited	1 Bartholomew Lane, London, EC2N 2AX	Servicing Agreement. See the section entitled " <i>The Corporate Services Provider and Back-Up Servicing Facilitator</i> " for further information.
Share Trustee	Intertrust Corporate Services Limited	1 Bartholomew Lane, London, EC2N 2AX	Share Trust Deed.
Joint Arranger and a Joint Lead Manager	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB	Subscription Agreement. See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information.
Joint Arranger and a Joint Lead Manager	Lloyds Bank Corporate Markets plc	25 Gresham Street, London EC2V 7HN	Subscription Agreement. See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information.

TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

DESCRIPTION OF THE PORTFOLIO

The section below sets out a description of the Loans and their Related Security comprising the Portfolio. On the Closing Date, the Seller will sell its equitable interest in the Loans and their Related Security comprising the Portfolio to the Issuer. Please refer to the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*", "*Characteristics of the Provisional Portfolio*" and "*The Loans*" for further detail in respect of the characteristics of the Portfolio and the sale arrangements in respect of the Portfolio.

Portfolio:

The Portfolio comprises owner-occupied and buy-to-let Loans which are secured over residential properties located in England, Wales, Northern Ireland and Scotland.

The English Loans and their Related Security are governed by English law.

The Northern Irish Loans and their Related Security are governed by Northern Irish law.

The Scottish Loans and their Related Security are governed by Scottish law.

Each Loan and its Related Security comprising the Portfolio was originated by the Seller.

Sale of Portfolio:

On the Closing Date, pursuant to the Mortgage Sale Agreement, the Seller will sell the Loans and their Related Security comprising the Portfolio to the Issuer in exchange for the Consideration.

Each sale of the English Loans and Northern Irish Loans and their Related Security described above will be effected by way of an equitable assignment.

Each sale by the Seller to the Issuer of each Scottish Loan and its Related Security in the Portfolio will be given effect by a Scottish Declaration of Trust by the Seller in favour of the Issuer.

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 the equitable assignment of the transferor's right, title and interest in and to each relevant Loan and its Related Security and the beneficial interest created under or pursuant to the Scottish Declaration of Trust, as applicable.

The terms **repurchase** and **repurchased** when used in this Prospectus in connection with a Loan and its Related Security shall be construed to include the repurchase by the Seller of the equitable interest of the Issuer in respect of the relevant Loan and its Related Security (to the extent that it is an English Loan or a Northern Irish Loan) and the repurchase of the beneficial interest in respect of such Loan and its Related Security (to the extent that it is a Scottish Loan) under the

Scottish Declaration of Trust and release of such Loan and its Related Security from the Scottish Declaration of Trust pursuant to the terms of the Mortgage Sale Agreement.

Perfection and Notification:

The Issuer has not applied, and prior to the occurrence of a Perfection Trigger Event, will not apply to the Land Registry of England and Wales (the **Land Registry**) or the Registers of Scotland or the Land Registers of Northern Ireland to register or record its equitable or beneficial interest in the relevant Mortgage.

Accordingly, prior to the occurrence of a Perfection Trigger Event, the legal title to each Loan and its Related Security comprising the Portfolio will be held by the Seller and the Issuer will hold only the equitable title or beneficial interest in those Loans and their Related Security and will therefore be subject to certain risks as set out in the section entitled "*Risk Factors – Other Risks Related to changes to the Structure and Documents – There may be risks associated with the fact that the Issuer has no legal title to the Mortgage Loans and their Related Security, which may adversely affect payments on the Notes*".

Features of the Loans:

The following is a summary of certain features of the Loans comprising the Provisional Portfolio as at the Reference Date and investors should refer to, and carefully consider, further details in respect of the Loans set out in the sections of this Prospectus entitled "*The Loans*" and "*Characteristics of the Provisional Portfolio*".

The Loans comprise loans to the relevant individual or individuals specified as borrowers in respect of that Loan or the individual or individuals (if any) from time to time assuming an obligation to repay (under a guarantee or otherwise) such Loan or any part of it (collectively, the **Borrowers** and each a **Borrower**) and are secured by first ranking charges over freehold and leasehold properties in England and Wales, Scotland and Northern Ireland.

Number of Mortgage Accounts in the Provisional Portfolio*: 21,449

Current Balance*	£131,914.15 (average)
Indexed Current Loan To Value*	49.03 per cent. (weighted average)
Seasoning (years)*	16.25 (weighted average)
Remaining Term (years)*	7.08 (weighted average)

*As at the Reference Date

Consideration:

The consideration due to the Seller in respect of the sale of the equitable and beneficial interest in the Loans and their Related Security comprising the Portfolio on the Closing Date comprises: (a) a purchase price (the **Purchase Price**); and (b) deferred consideration consisting of the Class S Certificate Payments and the Residual Certificate Payments, the right to such payments represented by the issue of the Class S Certificates and the Residual Certificates and (c)

certain other fees charged by the Seller to Borrowers in respect of its administration of the Mortgage Loans under the Mortgage Conditions, including with respect to the early termination of a Mortgage Loan or the enforcement of the Loans (together, the **Servicing Related Fees**), respectively (the **Consideration**).

Outstanding Principal Balance and Current Balance:

The **Outstanding Principal Balance** in relation to a Loan at any given date, means the aggregate of paragraphs (a) and (b) of the definition of "Current Balance" below.

The **Current Balance** of a Loan means, at any given date, the aggregate (but avoiding double counting) of:

- (a) the original principal amount advanced to the relevant Borrower and any further amount (including any Flexible Drawing or Retention Drawing or Protective Advance) advanced on or before the given date to the relevant Borrower and secured or intended to be secured by the Related Security and which, in each case, has not been paid, repaid or prepaid by the relevant Borrower;
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has not been paid by the relevant Borrower and which has been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or capitalised in accordance with the Servicer's normal charging practices and any applicable regulatory obligation and added to the amounts secured or intended to be secured by the related Mortgage (including any Protective Advance); and
- (c) any other amount (including Accrued Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised but which is secured or intended to be secured by the related Mortgage,

on the basis of the start of day position on such date (which for the avoidance of doubt is inclusive of any interest rate accrual amount relating to the previous month or otherwise that has been applied on such date but is exclusive of any other payments or postings on such date and which excludes any Flexible Drawing or Retention Drawing or Protective Advances committed to be made but not made by the end of the Business Day immediately preceding such date) and any reference to the Current Balance of a loan contained in the Provisional Portfolio shall be construed as if it were a Loan contained in the Portfolio.

For further information please refer to the section entitled "*The Loans*".

Representations and Warranties:

The Seller will make certain Loan Warranties to the Issuer regarding the Loans and Related Security comprised in the Portfolio on the Closing Date.

The Issuer currently has no plans to proactively verify that all of the Loan Warranties are true and accurate on the date they were made on an individual Loan level. See the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*" for further details.

The Seller's indemnity obligation in relation to the Loans and Related Security and the Seller's option to repurchase:

Upon a breach of the Loan Warranties in respect of a Loan and/or its Related Security which is not capable of remedy or, if capable of remedy, which is not remedied within the agreed grace period, subject to certain limitations as described herein either (i) the Seller shall make an MSA Warranty Payment for the MSA Warranty Indemnity Amount or (ii) the Seller shall repurchase the relevant Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) (as further described below).

MSA Warranty Indemnity Amount means any amounts which the Issuer is entitled to claim (following any applicable grace periods) from the Seller (or Bank of Scotland as a result of a failure to pay by the Seller) in respect of any representations, warranties, undertakings, covenants and indemnities provided to the Issuer by the Seller in respect of the relevant Loan and Related Security pursuant to the Mortgage Sale Agreement.

MSA Warranty Payment means any amounts which the Seller (or Bank of Scotland as a result of a failure to pay by the Seller) pays to the Issuer in respect of the MSA Warranty Indemnity Amount due pursuant to the Mortgage Sale Agreement (excluding the purchase price paid in respect of any Loan which the Seller elects to repurchase following service of a Loan Remedy Notice).

Bank of Scotland has provided an indemnity to the Issuer in respect of the amounts owed by the Seller to the Issuer in the event that the Seller fails to make a repurchase from, or indemnity payment to, the Issuer in respect of breaches of Loan Warranties. Bank of Scotland has also provided an indemnity in respect of the payment of all other amounts owed by TMB in any capacity under the Transaction Documents (**BoS Indemnity Payment**).

For a summary of the recourse the Issuer has against the Seller and Bank of Scotland in respect of Loan Warranty breaches, including time and monetary limits, please refer to the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*" for further details.

Consideration for repurchase:

If the Seller (or Bank of Scotland) does not make an MSA Warranty Payment, the consideration payable by the Seller in respect of the repurchase of an affected Loan and its Related Security (together with any other Loan secured or intended to be secured by such Related Security or any part of it) as a result of a breach of a Loan Warranty shall be an amount in cash (not less than zero) equal to the Current Balance of such Loan(s) as at the date of such repurchase prior to any deductions or downward balance adjustment or payments that may

have been applied, or made in respect of, remediation, claims or set-off related to the relevant Loan Warranty for which such Loan and its Related Security (together with any other Loan secured or intended to be secured by such Related Security or any part of it) is being repurchased, plus the Issuer's costs and expenses (if any) associated with the repurchase less any MSA Warranty Payment previously paid in respect of such Loan (if any) (the **Repurchase Price**).

Limit on indemnity amount:

The amount payable by the Seller or by the Bank of Scotland, as applicable, pursuant to an indemnity in respect of the MSA Relevant Liabilities shall not exceed an amount equal to the Repurchase Price of the relevant Loan(s) as at the date of such indemnification payment.

Flexible Drawings, Retention Drawings, Protective Advances, Further Advances, Payment Holidays, Underpayments, Porting and Product Switches:

If the Servicer, on behalf of the Issuer, agrees that the Mortgage Conditions require an advance of a Flexible Drawing or a Retention Drawing and subject to the relevant Borrower satisfying any conditions under the relevant Mortgage Conditions, or the Servicer, on behalf of the Issuer, determines that a Protective Advance is required to protect the security of the relevant Loan, the Servicer will provide a notice (in the form agreed between the Servicer, the Issuer, the Seller and the Cash Manager) to the Issuer (copied to the Seller and the Cash Manager) (the **Drawing Notice**), setting out the details of such Flexible Drawing or Retention Drawing (including the amount required to be paid by the Issuer) or Protective Advance (as applicable).

The equitable and beneficial interest in any such Flexible Drawings or Retention Drawings or Protective Advances will be sold by the Seller to the Issuer and will form part of the Portfolio. Any such Flexible Drawing, Retention Drawing or Protective Advance will be purchased by the Issuer to the extent of Principal Receipts standing to the credit of the Transaction Account.

Based on the information contained in the Drawing Notice, the Cash Manager shall, to the extent available, debit available Principal Receipts standing to the credit of the Transaction Account and shall transfer such amount to the Servicer. If the Loan is In Arrears, no Flexible Drawing or Retention Drawing will be approved by the Servicer.

Flexible Drawings, Retention Drawings and Protective Advances will be purchased in the order approved. In the event that the Issuer does not have sufficient funds available to purchase any such Flexible Drawing, Retention Drawing or Protective Advance within six months of the making by the Seller of such Flexible Drawing, Retention Drawing or Protective Advance (as applicable), then the Seller shall repurchase the relevant Loan and its Related Security together with any other Loan secured or intended to be secured by such Related Security or any part of it, in accordance with the Mortgage Sale Agreement, for a consideration equal to (i) in respect of a Loan that is not in arrears, the Current Balance of such Loan or (ii) in respect of a Loan subject to a Protective Advance that is in arrears, the fair market value of such Loan.

The Seller is not permitted to agree to any Further Advances. If a Borrower requests a Further Advance or a Product Switch, the Servicer may suggest that the Borrower should seek an alternative loan from another member of the Lloyds Banking Group which will result in the Borrower's existing Loan in the Mortgage Portfolio being redeemed in full.

If the Borrower requests a Product Switch which is a Repurchase Product Switch, and the Servicer agrees to such a Repurchase Product Switch, then the relevant Loan and its Related Security subject to the Repurchase Product Switch shall be repurchased by the Seller at its Current Balance.

In the case of each of a Repurchase Product Switch no such alternative loan will be sold to the Issuer and form part of the Portfolio. If the Borrower requests a Permitted Product Switch in accordance with the Mortgage Sale Agreement and the Servicing Agreement, and the Servicer agrees to such a Permitted Product Switch, then the relevant Loan and its Related Security subject to the Permitted Product Switch shall remain in the Portfolio.

The Seller will only enter into a Product Switch where it is not possible for the relevant Borrower to enter into a replacement loan with another lender (including within the Lloyds Banking Group).

With respect to the Flexible Loans:

- (a) Borrowers may, subject to agreement with the Seller and provided the Loan is not In Arrears and the Borrower has sufficient available equity to cover underpayments and providing the Seller with 14 days' prior notification, make underpayments to the extent that previous overpayments have been made provided that at least six full monthly payments will be made within a 12-month rolling period.
- (b) Borrowers may, subject to agreement with the Seller and providing the Seller with 5 days' prior notification, skip up to six monthly payments in any 12-month rolling period provided that the Borrower's account has been conducted satisfactorily, there have been no arrears in the previous three months and at least six full monthly payments will be made within a 12-month rolling period.

The Mortgage Conditions do not contain any contractual obligations requiring the Seller to agree to an Underpayment which cannot be funded by accrued Overpayments, a Further Advance, a Product Switch or a Payment Holiday.

If the Borrower requests a Port, there is no obligation to agree to such request and instead the Servicer may liaise with the Borrower to suggest that the Borrower seek an alternative mortgage from another company within Lloyds Banking Group and in which case, the Borrower's existing Loan in the Mortgage Portfolio will be redeemed

in full. No new Loan will be sold by the Seller to the Issuer and form part of the Portfolio.

Contractual Monthly Payment means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each Monthly Payment Date under the Mortgage Conditions, comprising interest and, where applicable, contractual repayments of principal and other sums (as determined in accordance with the terms and conditions of that Loan).

Flexible Drawing means, in relation to a Flexible Loan, any further drawing of monies made by a Borrower under that Flexible Loan to which the Borrower is contractually entitled.

Further Advance means, in relation to a Loan and its Related Security, any advance of further monies by the Seller to the relevant Borrower following a request from the relevant Borrower and which is secured by the same Related Security as the Loan where the Seller has a discretion as to whether to accept that request, but excluding, for the avoidance of doubt (i) the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage, (ii) any Flexible Drawing and (iii) any Protective Advance.

Payment Holidays means:

- (a) in respect of any Loan which is a Flexible Loan, a period of one or more Monthly Payment Dates for a maximum of six months (and limited to six months per annum) or a longer period agreed to by the Seller when the relevant Borrower under such Loan is permitted by the Seller not to make its regular Contractual Monthly Payment, in each case in accordance with the relevant Mortgage Conditions; or
- (b) in respect of any Loan which is not a Flexible Loan, a period of one or more Monthly Payment Dates for a maximum of six months (and limited to six months for the lifetime of the relevant Loan) when the relevant Borrower under such Loan is permitted by the Seller not to make its regular Contractual Monthly Payment where one payment holiday is permitted every three years with a maximum of two months per instance, in each case in accordance with the relevant Mortgage Conditions.

Permitted Product Switch means a variation:

- (a) agreed with a Borrower to amend the Loan from (i) a Variable Rate Loan to a Tracker Rate Loan or (ii) a Variable Rate Loan subject to the Standard Variable Rate where the new margin is a fixed margin above or below the Standard Variable Rate, if in each case the following relevant conditions below are satisfied:

- (i) in respect of a Variable Rate Loan to a Tracker Rate Loan, if the relevant resulting interest rate is at least equal to BBR plus 1.50% reverting within ten years to the Standard Variable Rate or an interest rate at least equal to BBR plus 3.00%; or
- (ii) in respect of a Variable Rate Loan subject to the Standard Variable Rate where the new margin is a fixed margin above or below the Standard Variable Rate, if the relevant resulting interest rate is at least equal to BBR plus 1.50% reverting within ten years to the Standard Variable Rate or an interest rate at least equal to BBR plus 3.00%,

provided that in each case, (x) the weighted average margin over the BBR of the Loans in the Portfolio at the relevant date is at least equal to 2.60% and (y) the weighted average margin over the BBR of the Loans subject to a variation pursuant to this limb (a) since the Closing Date as at the relevant date is at least equal to 1.99%; or

- (b) where the term of the relevant Loan is extended no later than the Interest Payment Date falling in October 2059 (a **Term Extended Loan**).

Porting or Port means any substitution of a Property which is subject to a Mortgage in respect of a Loan with another Property.

Product Switch means a variation to the financial terms and conditions of any Loan but excluding:

- (a) any variation agreed with a Borrower to control or manage arrears on a Loan; or
- (b) any variation imposed by statute or by Applicable Laws.

Protective Advance means a payment of ground rent, service charges, insurance premia and similar items made by or on behalf of the Legal Title Holder to protect the security for the Loan, which is deemed to be a further advance made by the Legal Title Holder to the relevant Borrower.

Repurchase Product Switch means any Product Switch which is not a Permitted Product Switch.

Retention Drawing means a drawdown in full or in part by the Borrower under a Retention Loan.

Underpayment means a payment by a Borrower in an amount less than the Contractual Monthly Payment then due on the Mortgage Loan.

Legal Title: The Seller will continue to hold the legal title and any other right, title, interest and benefit held by it with respect to the Mortgage Portfolio, from time to time, on bare trust (including, in respect of a Scottish Loan, under the trust declared and created by the Scottish Declaration of Trust) for and on behalf of the Issuer absolutely in accordance with the terms of the Mortgage Sale Agreement.

Perfection Trigger Events in respect of the Loans: Transfer of the legal title to the relevant Mortgage Loans and Related Security will be completed on the occurrence of certain Perfection Trigger Events, which include:

- (a) the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (b) the Legal Title Holder is required to perfect the Issuer's legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority of which the Legal Title Holder is a member or any organisation whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder to comply;
- (c) it becomes necessary by law or regulation;
- (d) the security created under or pursuant to the Deed of Charge or any material part of that security is in the opinion of the Security Trustee in jeopardy;
- (e) the occurrence of any Servicer Termination Event in circumstances where a replacement servicing agreement on substantially the same terms has not been entered into with an entity within the Lloyds Banking Group following the expiry of all applicable grace periods; or
- (f) an Insolvency Event in relation to the Legal Title Holder.

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

Prior to the completion of the transfer of legal title to the relevant Mortgage Loans and Related Security, the Issuer will hold only the equitable title or beneficial interest to those Mortgage Loans and will therefore be subject to certain risks as set out in the risk factor entitled "*There may be risks associated with the fact that the Issuer has no legal title to the Mortgage Loans and their Related Security, which may adversely affect payments on the Notes*" in the "Risk Factors" section.

Servicing of the Portfolio – Servicer: On or about the Closing Date the Issuer will enter into the Servicing Agreement with the Servicer pursuant to which the Issuer will confirm the continued appointment of the Servicer to service the Portfolio.

Pursuant to the Servicing Agreement, the Issuer and the Legal Title Holder will grant the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions to determine and set the Standard Variable Rate and, if applicable, any variable margin in relation to Tracker Rate Loans chargeable to Borrowers from time to time.

The appointment of the Servicer may be terminated by the Issuer and/or (following the service of an Enforcement Notice) the Security Trustee, upon the occurrence of a Servicer Termination Event and provided that a Successor Servicer has been appointed on substantially the same terms as the Servicing Agreement, provided however that any such appointment shall be subject to the prior written consent of the Security Trustee (such consent to be given on receipt by the Security Trustee of a certificate signed by two authorised signatories of the Issuer (upon which the Security Trustee shall rely absolutely without liability or enquiry) that the proposed successor of the Servicer satisfies the conditions set out in the Servicing Agreement). The Servicer shall notify the Rating Agencies in writing of the identity of the Successor Servicer. The Servicer may resign by giving not less than 12 months' written notice to the Issuer (with a copy to the Security Trustee) and subject to, inter alia, a replacement Servicer having been appointed.

The terms of the Servicing Agreement are summarised in "*Summary of the Key Transaction Documents – Servicing Agreement*". In addition, Noteholders should note the section "*Risk Factors – Counterparty Risks – Issuer Reliance on Third Parties*" above.

Collection Account:

Collections of interest and principal in respect of the Mortgage Loans in the Mortgage Portfolio are received by Bank of Scotland as collection account bank (**Collection Account Bank**) in its Collection Account and swept into the Transaction Account no later than the next Business Day after they are deposited in the Collection Account. Payments of interest on Interest-Only Loans are payable in the month that they are due. For further details, please see "*Summary of the Key Transaction Documents – Servicing Agreement*".

Collection Account means the collection account in the name of the Collection Account Bank which is from time to time used for the purpose of collecting, directly or indirectly, monies due in respect of the Mortgage Loans beneficially owned by the Issuer and/or the Related Security.

Sponsor Administration Services:

The Seller appointed the Sponsor Administrator to provide certain services to the Seller pursuant to the Sponsor Administration Agreement. For further details, please see the section entitled "*Summary of the Key Transaction Documents – Sponsor Administration Agreement*".

Purchase of Portfolio by Portfolio Option Holder: The Portfolio Option Holder may exercise the Portfolio Purchase Option to effect an early redemption of the Notes:

- (a) on the Interest Payment Date following the date on which the Issuer has given notice to the Portfolio Option Holder of its intention to redeem the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), provided that any election to exercise the Portfolio Purchase Option in these circumstances must be notified to the Note Trustee within 20 Business Days of receipt of such notice;
- (b) on the First Optional Redemption Date or any Interest Payment Date following the First Optional Redemption Date;
- (c) on any Interest Payment Date on which the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio as at the Closing Date;
- (d) on the Interest Payment Date following the date on which the Retention Holder or the Seller (or any of their delegates) give notice of its intention to exercise the Risk Retention Regulatory Change Option; and
- (e) on the Interest Payment Date following the date on which the Seller (or any of their delegates) gives notice of its intention to exercise the Regulatory Change Event Option,

provided that (i) if a Risk Retention Regulatory Change Event occurs and the Portfolio Option Holder (or its nominee) does not exercise the Portfolio Purchase Option, the Retention Holder (or any of its nominees) or, provided that the Retention Holder has not exercised the Risk Retention Regulatory Change Option, the Seller (or any of its nominees) shall have the right (but not any obligation) to acquire or to re-acquire (or procure the re-acquisition of), as applicable, the entire beneficial interest of the Issuer in the Mortgage Portfolio pursuant to the Risk Retention Regulatory Change Option or (ii) if a Regulatory Change Event occurs and the Portfolio Option Holder (or its nominee) does not exercise the Portfolio Purchase Option or if the Portfolio Option Holder does not exercise the Clean-up Purchase Option or the Tax/Illegality Option, then the Seller (or any of its nominees) shall have the right (but not any obligation) to re-acquire (or procure the re-acquisition of) the entire beneficial interest of the Issuer in the Mortgage Portfolio.

The Portfolio Option Holder may, up to ten Business Days following the service of an Enforcement Notice on the Issuer and the Portfolio Option Holder (the **Option Holder Purchase Period**), offer to purchase the Mortgage Loans comprising the Mortgage Portfolio at the Portfolio Purchase Option Purchase Price and the Security Trustee shall not be entitled to dispose of any Mortgage Loans comprising the

Charged Assets or any part thereof during the Option Holder Purchase Period or following the receipt of an offer from the Portfolio Option Holder to the Security Trustee's satisfaction.

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Purchase Option, Risk Retention Regulatory Change Event, the Regulatory Change Event Option or Optional Redemption for Tax and Other Reasons – Optional Redemption in the event of a Risk Retention Regulatory Change Event*" for further details.

The Portfolio Purchase Option may be exercised by notice to the Issuer with a copy to the Cash Manager, the Note Trustee, the Security Trustee, the Seller, the Legal Title Holder, the Retention Holder and the Rating Agencies with such purchase to take effect on the Calculation Date immediately preceding the Optional Redemption Date specified in the exercise notice (the **Portfolio Sale Completion Date**). Prior to the delivery of an exercise notice, the Portfolio Option Holder shall notify the Seller, the Servicer and the Legal Title Holder of its intention to serve an exercise notice on the Issuer as soon as reasonably practicable, specifying the expected date for the delivery of such exercise notice, and at least ten Business Days before such notice on the Issuer.

The Notes shall be redeemed in full on the Interest Payment Date falling immediately after the Portfolio Sale Completion Date subject to the satisfaction of the New Issue Conditions Precedent in the reasonable opinion of TMB in its capacity as Servicer and Legal Title Holder being satisfied prior to the Portfolio Purchase Option being exercised.

The Issuer has covenanted in the Portfolio Option Deed Poll in favour of the Portfolio Option Holder that prior to the service of an Enforcement Notice it shall not agree to any sale of the Portfolio that is not already provided for under the Transaction Documents without the prior written consent of the Portfolio Option Holder.

The **Portfolio Option Holder** is the holder (or holders) of more than 75 per cent. of the Residual Certificates or an entity representing the holder (or holders in aggregate) of more than 75 per cent. of the Residual Certificates (other than any Residual Certificates held directly or indirectly by or on behalf of the Retention Holder).

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Purchase Option, Risk Retention Regulatory Change Event, the Regulatory Change Event Option or Optional Redemption for Tax and Other Reasons – New Issue Conditions Precedent*" for further details.

Consideration for purchase by Portfolio Option Holder:

The purchase price payable by the Portfolio Option Holder in respect of the Portfolio Purchase Option shall be an amount equal to the Portfolio Purchase Option Purchase Price which is the higher of:

- (a) the sum of (without double-counting):

- (i) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon as at the Optional Redemption Date; plus
- (ii) any fees, costs, amounts and expenses of the Issuer payable senior to the Residual Certificates in the Post-Enforcement Priority of Payments as at the Optional Redemption Date; less
- (iii) any amounts standing to the credit of the Transaction Account (but disregarding any amounts standing to the credit of the Issuer Profit Ledger) as at the date of the most recent Servicer Report. For the avoidance of doubt, Revenue Receipts and Principal Receipts received by the Issuer after the date of the reporting period referred to in the most recent Servicer Report will not be distributed in accordance with the Post-Enforcement Priority of Payments on the Interest Payment Date after the Portfolio Sale Completion Date,

(the **Base Portfolio Purchase Option Purchase Price**); and

- (b) the Portfolio Purchase Option Current Value Purchase Price.

Portfolio Purchase Option Current Value Purchase Price means fair market value of all (but not some only) of the Mortgage Loans in the Portfolio as determined in accordance with the Portfolio Option Deed Poll or the Retention Holder Deed Poll (as applicable).

For the avoidance of doubt, projected future payments are not discounted for this purpose.

Provided that there is no shortfall to pay items ranking pari passu or higher in the applicable Priorities of Payments, to the extent that the Portfolio Option Holder holds any of the Notes and/or Certificates, it may set-off from the Portfolio Purchase Option Purchase Price an amount equal to the amounts due to it as Noteholder and/or Certificateholder on the Interest Payment Date on which the Notes are to be redeemed and the Certificates are to be cancelled.

In respect of the exercise by the Portfolio Option Holder of the Portfolio Purchase Option, the Portfolio Purchase Option Current Value Purchase Price shall be determined by the Portfolio Option Holder, in consultation with the Retention Holder, calculating such price and giving notice of it to the Retention Holder. If the Portfolio Option Holder and the Retention Holder cannot agree on a Portfolio Purchase Option Current Value Purchase Price they may together appoint an independent third party valuer who shall, following consultation with such parties, propose an alternative Portfolio Purchase Option Current Value Purchase Price, which shall be binding on the parties.

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Purchase Option, Risk Retention Regulatory Change Event, the Regulatory Change Event Option or Optional Redemption for Tax and Other Reasons*" for further details.

Mandatory redemption of the Notes in full following exercise of the Portfolio Purchase Option:

The Issuer shall redeem the Notes on any Optional Redemption Date following the exercise of the Portfolio Purchase Option (as described above and fully set out in Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*)).

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Purchase Option, Risk Retention Regulatory Change Event, the Regulatory Change Event Option or Optional Redemption for Tax and Other Reasons*" for further details.

Optional redemption of the Notes for Tax and other Reasons:

The Issuer may, subject to certain conditions, redeem the Notes in full following: (i) a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date which would require a deduction or withholding from any payment on any Notes or Certificates (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes or Certificates) of any Tax; or (ii) a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date whereby it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes or Certificates (as more fully set out in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*)).

The Seller may, pursuant to the terms of the Mortgage Sale Agreement, purchase the Issuer's interest in the Loans and their Related Security in respect of any optional redemption of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) (the **Tax/Illegality Option**), subject to the Portfolio Option Holder's right to first exercise the Portfolio Purchase Option.

It is a condition to the exercise of the Tax/Illegality Option that the Portfolio Purchase Option Current Value Purchase Price is greater than the Base Portfolio Purchase Option Purchase Price.

The consideration payable by the Seller shall be an amount equal to the Portfolio Purchase Option Current Value Purchase Price as at the close of business on the immediately preceding Business Day.

Provided that there is no shortfall to pay items ranking *pari passu* or higher in the applicable Priorities of Payments, to the extent that Seller holds any of the Notes and/or Certificates, it may set-off from the Portfolio Purchase Option Current Value Purchase Price an amount equal to the amounts due to it as Noteholder or Certificateholder on the Payment Date on which the Notes are to be redeemed.

**Risk Retention
Regulatory Change
Option:**

If the Seller and the Retention Holder jointly determine that a Risk Retention Regulatory Change Event has occurred and the Retention Holder or the Seller (or any of their nominees) gives notice of intention to exercise the Risk Retention Regulatory Change Option, the Portfolio Option Holder (or its nominee) may elect to purchase the Mortgage Loans under the Portfolio Purchase Option, subject to the satisfaction of the New Issue Conditions Precedent in the reasonable opinion of TMB in its capacity as Servicer and Legal Title Holder being satisfied prior to the Portfolio Purchase Option being exercised. In the event that the Portfolio Option Holder (or its nominee) does not elect to purchase the Mortgage Loans, the Retention Holder (or any of its nominees) has the right (but not any obligation) to acquire (or procure the acquisition of) the entire beneficial interest of the Issuer in the Mortgage Portfolio upon the occurrence of a Risk Retention Regulatory Change Event in accordance with the terms of Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*).

In the event that neither the Portfolio Option Holder (or its nominee) nor the Retention Holder (or any of its nominees) elects to purchase the Mortgage Loans, the Seller (or any of its nominees) has the right (but not any obligation) to re-acquire (or procure the re-acquisition of) the entire beneficial interest of the Issuer in the Mortgage Portfolio and thereby effect a redemption of the Notes following the occurrence of a Risk Retention Regulatory Change Event.

The price payable by or on behalf of the Retention Holder or the Seller (or any of their respective nominees) to the Issuer to acquire the beneficial interest of the entire Mortgage Portfolio from the Issuer shall be a price equal to the Portfolio Purchase Option Current Value Purchase Price as calculated three Business Days prior to acquisition or re-acquisition (as applicable).

An exercise of a purchase right in respect of the entire Portfolio following a Risk Retention Regulatory Change Event by the Retention Holder or the Seller (or their respective nominees) is referred to as the **Risk Retention Regulatory Change Option**.

Following exercise of the Risk Retention Regulatory Change Option, the Issuer will give not more than 40 nor less than five Business Days' notice to the Noteholders and the Certificateholders in accordance with Condition 16 (*Notice to Noteholders*) and Certificate Condition 15 (*Notice to Certificateholders*) and the Note Trustee stating that the Notes and Certificates will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Seller or Retention Holder.

Provided that there is no shortfall to pay items ranking pari passu or higher in the applicable Priorities of Payments, to the extent that the Seller and/or the Retention Holder (or any of its nominees) (as applicable) holds any of the Notes or Certificates, it may set-off from the Portfolio Purchase Option Current Value Purchase Price an

amount equal to the amounts due to it as Noteholder or Certificateholder on the Interest Payment Date on which the Notes are to be redeemed.

Risk Retention Regulatory Change Event means any change in or the adoption of any new law, rule, technical standards or regulations or any determination of a relevant regulator as jointly determined by the Seller and the Retention Holder, which:

- (a) as a matter of law or regulation, has a binding effect on the Retention Holder or the Seller after the Closing Date which would impose a positive obligation on either of them to subscribe for Notes over and above those required to be maintained by it under its Risk Retention Undertaking or otherwise imposes additional material obligations on the Retention Holder or the Seller in order to maintain compliance with the Risk Retention Requirements; or
- (b) as a matter of law or regulation, in respect of the Retention Holder, results in the Retention Holder no longer being able to qualify as an eligible retainer of the Retained Interest for purposes of the Risk Retention Requirements; and the Retention Holder is not able to transfer the Retained Interest to one of its affiliates without violating the Risk Retention Requirements or any other applicable law, or incurring any additional material costs or obligations in connection with any such transfer, in any case, as determined by the Retention Holder, in its sole discretion; or
- (c) by virtue of the Retention Holder's obligation to comply with the Risk Retention Undertaking, would, in respect of the Retention Holder, have an analogous effect or result to those specified in paragraphs (a) and (b) above.

Regulatory Change Event Exercise Option:

Following a determination by the Seller (acting in a commercially reasonable manner) that a Regulatory Change Event has occurred, the Portfolio Option Holder (or its nominee) may elect to purchase the Mortgage Loans under the Portfolio Purchase Option. In the event that the Portfolio Option Holder (or its nominee) does not elect to purchase the Mortgage Loans, the Seller shall have the right (but not any obligation) to re-acquire (or procure the re-acquisition of) the entire beneficial interest of the Issuer in the Mortgage Portfolio upon the occurrence of a Regulatory Change Event in accordance with the terms of Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*).

It is a condition to the exercise of the Regulatory Change Event Option that the Portfolio Purchase Option Current Value Purchase Price is greater than the Base Portfolio Purchase Option Purchase Price.

Purchase price

The price payable by or on behalf of the Seller (or any of its nominees) to the Issuer to re-acquire the beneficial interest of the entire Mortgage Portfolio from the Issuer shall be a price equal to the Portfolio Purchase Option Purchase Price as calculated three Business Days prior to acquisition or re-acquisition (as applicable).

An exercise of a purchase right in respect of the entire Mortgage Portfolio following a Regulatory Change Event is referred to as the **Regulatory Change Event Option**.

Clean-up Purchase Option:

Exercise

If the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio as at the Closing Date, the Portfolio Option Holder (or its nominee) may elect to purchase the Mortgage Loans under the Portfolio Purchase Option. In the event that the Portfolio Option Holder (or its nominee) does not elect to purchase the Mortgage Loans, the Seller may exercise the Clean-up Purchase Option to effect an early redemption of the Notes on any Interest Payment Date thereafter.

The Clean-up Purchase Option may be exercised by notice to the Issuer with a copy to the Cash Manager, the Note Trustee, the Security Trustee, the Retention Holder, the Portfolio Option Holder and the Rating Agencies with such purchase to take effect on the Calculation Date immediately preceding the Optional Redemption Date (the **Clean-up Sale Completion Date**). The Notes shall be redeemed on the Payment Date falling immediately after the Clean-up Sale Completion Date.

It is a condition to the exercise of the Clean-up Purchase Option that the Portfolio Purchase Option Current Value Purchase Price is higher than the Base Portfolio Purchase Option Purchase Price.

Purchase price

The purchase price payable by the Seller (or its nominee) in respect of the Clean-up Purchase Option shall be an amount equal to the Portfolio Purchase Option Current Value Purchase Price.

Provided that there is no shortfall to pay items ranking higher in the applicable Priorities of Payments, to the extent that the purchaser of the Mortgage Loans holds any of the Notes, the Seller may set-off from the Portfolio Purchase Option Current Value Purchase Price an amount equal to the amounts due to it as Noteholder on the Optional Redemption Date.

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Purchase Option, Risk Retention Regulatory Change Event, the Regulatory Change Event Option or Optional Redemption for Tax and Other Reasons*" for further details.

TRANSACTION OVERVIEW – SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES AND THE CERTIFICATES

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

FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class X Notes	Class Z Notes	Class R Notes	Class S1 Certificate	Class S2 Certificate	Residual Certificates	
Principal Amount:	£2,317,612,000.00	£1,379,953,000.00	£96,567,000.00	£55,181,000.00	£41,386,000.00	£41,386,000.00	£20,693,000.00	£68,977,000.00	£35,868,000.00	N/A	N/A	N/A	
Credit enhancement features:	Over collateralisation funded by other Notes, Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund	Over collateralisation funded by other Notes (other than the Class A Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund	Over collateralisation funded by other Notes (other than the Class A Notes and the Class B Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund	Over collateralisation funded by other Notes (other than the Class A Notes and the Class B Notes and the Class C Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice and following redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and, following	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and the Class X Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice and following redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and the Class X Notes), Available Revenue Receipts applied to reduce a debit on the Principal Deficiency Ledger, excess amounts released from the Liquidity Reserve Fund, amounts standing to the credit of the Credit Reserve Fund and, following service of an Enforcement Notice and following redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E	N/A	N/A	N/A

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class X Notes	Class Z Notes	Class R Notes	Class S1 Certificate	Class S2 Certificate	Residual Certificates
							service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund	Notes and the Class F Notes, all amounts standing to the credit of the Credit Reserve Fund applied as Available Principal Receipts and, following service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund and the Credit Reserve Fund	the Class E Notes, the Class F Notes, the Class X Notes and the Class Z Notes and, following service of an Enforcement Notice, all amounts standing to the credit of the Credit Reserve Fund and the Liquidity Reserve Fund			
Liquidity support features:	Subordination in payment of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes and the Class R Notes, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and amounts standing to the credit of the Credit Reserve Fund and the Liquidity Reserve Fund	Subordination in payment of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes and the Class S Certificates, and, subject to the relevant PDL Condition being satisfied, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and amounts standing to the credit of the Credit Reserve Fund and the Liquidity Reserve Fund	Subordination in payment of the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes, Class S Certificates, and, subject to the relevant PDL Condition being satisfied, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and amounts standing to the credit of the Credit Reserve Fund	Subordination in payment of the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes, Class R Notes and the Class S Certificates, and, subject to the relevant PDL Condition being satisfied, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and amounts standing to the credit of the Credit Reserve Fund	Subordination in payment of the Class F Notes, the Class X Notes, the Class Z Notes, Class R Notes and the Class S Certificates, and, subject to the relevant PDL Condition being satisfied, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and amounts standing to the credit of the Credit Reserve Fund	Subordination in payment of the Class X Notes, Class Z Notes, Class R Notes and the Class S Certificates, and, subject to the relevant PDL Condition being satisfied, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and amounts standing to the credit of the Credit Reserve Fund	Subordination in payment of the Class Z Notes, the Class R Notes and the Residual Certificates, if the Class X Notes are the Most Senior Class of Notes	Subordination in payment of the Class R Notes and the Residual Certificates	N/A	Subordination in payment of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes, the Class R Notes and the Residual Certificates, and following the Class F Notes Redemption Date amounts standing to the credit of the Credit Reserve Fund and the Liquidity Reserve	Subordination in payment of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes, the Class R Notes and the Residual Certificates, and following the Class F Notes Redemption Date amounts standing to the credit of the Credit Reserve Fund and the Liquidity Reserve Fund	N/A

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class X Notes	Class Z Notes	Class R Notes	Class S1 Certificate	Class S2 Certificate	Residual Certificates
Issue Price:	99.427%	97.850%	96.630%	96.680%	96.330%	90.950%	95.270%	31.59479%	0.29350%	N/A	N/A	N/A
Reference Rate:	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	N/A (Zero Coupon)	N/A (Zero Coupon)	N/A	N/A	N/A
Coupon:	Reference Rate + Initial Margin / Step-Up Margin (as applicable)	Reference Rate + Initial Margin / Step-Up Margin (as applicable)	Reference Rate + Initial Margin / Step-Up Margin (as applicable)	Reference Rate + Initial Margin / Step-Up Margin (as applicable)	Reference Rate + Initial Margin / Step-Up Margin (as applicable)	Reference Rate + Initial Margin / Step-Up Margin (as applicable)	Reference Rate + Initial Margin / Step-Up Margin (as applicable)	N/A	N/A	N/A	N/A	N/A
Initial Margin (payable to but excluding the First Optional Redemption Date) (per annum):	1.50 per cent.	2.25 per cent.	3.00 per cent.	4.00 per cent.	5.00 per cent.	6.00 per cent.	9.00 per cent.	N/A	N/A	Class S1 Certificate Payment	Class S2 Certificate Payment	N/A
Step-Up Margin (payable on and from the First Optional Redemption Date) (per annum):	2.25 per cent.	3.25 per cent.	4.00 per cent.	5.00 per cent.	6.00 per cent.	7.00 per cent.	N/A	N/A	N/A	N/A	N/A	N/A
Interest Accrual Method:	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	N/A	N/A	N/A	N/A	N/A
Interest Payment Dates:	16th day of January, April, July and October in each year	16th day of January, April, July and October in each year	16th day of January, April, July and October in each year	16th day of January, April, July and October in each year	16th day of January, April, July and October in each year	16th day of January, April, July and October in each year	16th day of January, April, July and October in each year	N/A	N/A	16th day of January, April, July and October in each year	16th day of January, April, July and October in each year	16th day of January, April, July and October in each year
First Interest Payment Date:	17 April 2023	17 April 2023	17 April 2023	17 April 2023	17 April 2023	17 April 2023	17 April 2023	N/A	N/A	17 April 2023	17 April 2023	17 April 2023
Final Redemption Date:	The Interest Payment Date falling in October 2062	The Interest Payment Date falling in October 2062	The Interest Payment Date falling in October 2062	The Interest Payment Date falling in October 2062	The Interest Payment Date falling in October 2062	The Interest Payment Date falling in October 2062	The Interest Payment Date falling in October 2062	The Interest Payment Date falling in October 2062	The Interest Payment Date falling in October 2062	N/A	N/A	N/A
First Optional Redemption Date:	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	The Interest Payment Date falling in April 2026	N/A	N/A
Application for Exchange Listing:	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	N/A	N/A	N/A
Regulation S ISIN:	XS2549049539	XS2549049703	XS2549049968	XS2549050115	XS2549050388	XS2549050545	XS2442283482	XS2549050891	XS2442283219	XS2442283649	XS2442283995	XS2442284290

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class X Notes	Class Z Notes	Class R Notes	Class S1 Certificate	Class S2 Certificate	Residual Certificates
Regulation S Common Code:	254904953	254904970	254904996	254905011	254905038	254905054	244228348	254905089	244228321	244228364	244228399	244228429
Rule 144A ISIN:	XS2549049612	XS2549049885	XS2549050032	XS2549050206	XS2549050461	XS2549050628	XS2442283565	XS2549050974	XS2442283300	XS2442283722	XS2442284027	XS2442284373
Rule 144A Common Code:	254904961	254904988	254905003	254905020	254905046	254905062	244228356	254905097	244228330	244228372	244228402	244228437
Ratings (sf) (S&P and Fitch)	AAA / AAA	AA+/AA	AA-/A	A/BBB	BBB+/BB	BB+/CCC	BBB-/CC	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated
Regulation S Minimum Denomination:	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	N/A	N/A	N/A
Rule 144A Minimum Denomination:	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	N/A	N/A	N/A
Governing law of the Notes:	English	English	English	English	English	English	English	English	English	English	English	English

TRANSACTION OVERVIEW – OVERVIEW OF THE CHARACTERISTICS OF THE NOTES AND CERTIFICATES

Ranking and Form of the Notes:

On the Closing Date, the Issuer will issue the following classes of Notes under the Trust Deed:

- Class A Mortgage Backed Floating Rate Notes due October 2062 (the **Class A Notes**);
- Class B Mortgage Backed Floating Rate Notes due October 2062 (the **Class B Notes**);
- Class C Mortgage Backed Floating Rate Notes due October 2062 (the **Class C Notes**);
- Class D Mortgage Backed Floating Rate Notes due October 2062 (the **Class D Notes**);
- Class E Mortgage Backed Floating Rate Notes due October 2062 (the **Class E Notes**);
- Class F Mortgage Backed Floating Rate Notes due October 2062 (the **Class F Notes**);
- Class X Mortgage Backed Floating Rate Notes due October 2062 (the **Class X Notes**);
- Class Z Mortgage Backed Zero Rate Notes due October 2062 (the **Class Z Notes**); and
- Class R Mortgage Backed Zero Rate Notes due October 2062 (the **Class R Notes**),

and the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes are together the **Rated Notes**. The Rated Notes together with the Class Z Notes and the Class R Notes are the **Notes** and the holders thereof, the **Noteholders**.

The Notes will be issued in global registered form. Each Class of Notes will be offered and sold pursuant to Regulation S and/or Rule 144A and will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in the section entitled "*Description of the Global Notes*".

Certificates:

On the Closing Date, the Issuer will also issue the Class S Certificates and the Residual Certificates as certificates constituted under the Trust Deed (the **Certificates** and the holders thereof, the **Certificateholders**) representing the right to receive, in respect of the Class S1 Certificates, the Class S1 Certificate Payment, the Class S2 Certificates, the Class S2 Certificate Payment, and in respect of the Residual Certificates, the Residual Certificate Payment.

The Certificates will be issued in registered form. The Certificates are not being offered by this Prospectus and will not be listed or rated. The Certificates will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in the section entitled "*Description of the Global Certificates*" below.

The Certificates do not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, any reference to the Principal Amount Outstanding of the Class S Certificates and the Residual Certificates shall be deemed to be £10,000,000 in respect of each Class of Certificate. Where there is more than one holder of the relevant Class of Certificates, any reference to the Principal Amount Outstanding such Class of Certificates held by that person shall be a reference to their pro rata proportion of such amount.

Sequential Order:

The Class A Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, and pro rata and *pari passu* without preference or priority among themselves in relation to payment of interest (in respect of the Class A Notes) and the Class S Certificate Payments (in respect of the Class S Certificates), as provided in the Conditions and the Transaction Documents.

The Class B Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class S Certificate Payments and payments of interest and principal in respect of the Class A Notes, as provided in the Conditions and the Transaction Documents.

The Class C Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class S Certificate Payments and payments of interest and principal in respect of the Class A Notes and the Class B Notes, as provided in the Conditions and the Transaction Documents.

The Class D Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class S Certificate Payments and payments of interest and principal in respect of the Class A Notes, the Class B Notes and the Class C Notes, as provided in the Conditions and the Transaction Documents.

The Class E Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class S Certificate Payments and payments of interest and principal in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in the Conditions and the Transaction Documents.

The Class F Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class S Certificate Payments and payments of interest and principal in respect of the Class A Notes, the Class

B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as provided in the Conditions and the Transaction Documents.

The Class X Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to (prior to the service of an Enforcement Notice on the Issuer) the Class S Certificate Payments and payments of interest in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and (following the service of an Enforcement Notice on the Issuer) the Class S Certificate Payments and all payments due in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, as provided in the Conditions and the Transaction Documents.

The Class Z Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to (prior to the service of an Enforcement Notice on the Issuer) payments of principal in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and (following the service of an Enforcement Notice on the Issuer) payments due in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes, as provided in the Conditions and the Transaction Documents.

The Class R Notes rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to (prior to the service of an Enforcement Notice on the Issuer) payments of interest in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes, and (following the service of an Enforcement Notice on the Issuer) the Class S Certificate Payments and all payments due in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes and the Class Z Notes as provided in the Conditions and the Transaction Documents.

The Residual Certificates rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of the Residual Certificate Payment amount at all times, but subordinate to the Notes and the Class S Certificates as provided in the Conditions and the Transaction Documents.

Payments of principal in relation to all Classes of Notes will be subordinate to payments of Principal Addition Amounts.

Certain amounts due by the Issuer to its other Secured Creditors (and, prior to the service of an Enforcement Notices only, certain unsecured creditors) will rank in priority to all Classes of the Notes and Certificates.

Security:

Pursuant to a deed of charge made between, among others, the Issuer and the Security Trustee (the **Deed of Charge**), the Notes and the Certificates will all share the same Security. Amounts owing to the other Secured

Creditors from the Issuer under the Transaction Documents will also be secured by the Security.

Pursuant to the Deed of Charge on the Closing Date, the Notes and Certificates will be secured by, among other things, 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 over) the Issuer's rights, title, interest and benefit, present and future in, to and under the Transaction Documents (other than the Trust Deed, any Transaction Document governed by Scots law and the Deed of Charge) and any sums derived therefrom;
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit, present and future in, to and under the Mortgage Loans (other than the Scottish Mortgage Loans) and their Related Security and other related rights comprising the Portfolio and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit, present and future, to, in and under the Insurance Contracts and any sums derived therefrom;
- (d) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, in and to monies now or at any time hereafter standing to the credit of the Issuer Accounts and each other account (if any) (including any securities accounts and any securities standing to the credit thereto) maintained with the Issuer Account Bank and all interest accruing from time to time thereon and the debt represented thereby;
- (e) an assignment by way of first fixed security of (and to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) all of its rights, title, interest and benefit, present and future, under or in respect of each and every trust constituted by the Mortgage Sale Agreement (other than a Scottish Declaration of Trust) and the Servicing Agreement;
- (f) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, to, under or in respect of any Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf;
- (g) an assignation in security of the Issuer's beneficial interest in the Scottish Mortgage Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Seller over such Scottish Mortgage Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust); and

- (h) a floating charge over all assets of the Issuer, including any fixed charges which may take effect as floating charges, not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of the charges referred to above as aforesaid).

See the section entitled "*Summary of the Key Transaction Documents – Deed of Charge*" below.

Interest Provisions: Please refer to the "*Full Capital Structure of the Notes and Certificates*" table above and as fully set out in Condition 6 (*Interest*).

Deferral: Interest due and payable but unpaid on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes may be deferred in accordance with Condition 17 (*Subordination by Deferral*). Payments in respect of the Class S Certificates may be deferred in accordance with Certificate Condition 18 (*Subordination by Deferral*).

Payments in respect of the Residual Certificates are not deferrable as in circumstances where the Issuer has insufficient proceeds available to meet its obligations ranking senior to any Residual Certificate, the amount due under the Residual Certificates shall be zero.

Gross-up: None of the Issuer or any Paying Agent or any other person will be obliged to pay any additional amounts to the Noteholders or the Certificateholders if there is any withholding or deduction required by applicable law for or on account of Taxes from a payment made under the Notes or the Certificates (as applicable).

Redemption of the Notes and Cancellation of Certificates: The Notes and Certificates are subject to the following redemption and cancellation events:

- (a) mandatory redemption in respect of the Notes in whole, and cancellation of the Certificates, on the Interest Payment Date falling in October 2062 (the **Final Redemption Date** or **Final Maturity Date**), as fully set out in Condition 8.1 (*Redemption at Maturity*);
- (b) prior to the service of an Enforcement Notice, mandatory redemption in part on each Interest Payment Date subject to availability of Available Principal Receipts (to the extent not applied to cover any Revenue Shortfall) as fully set out in Condition 8.2 (*Mandatory Redemption*);
- (c) optional redemption exercisable by the Issuer in whole for tax or other reasons (including if it becomes unlawful for the Issuer to allow to remain outstanding any of the Notes) on any Interest Payment Date following the date on which there is a change in tax law or other law, as fully set out in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*);

- (d) mandatory redemption of the Notes in whole, and cancellation of the Certificates, following the exercise by the Portfolio Option Holder of the Portfolio Purchase Option as fully set out in Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*);
- (e) mandatory redemption in respect of the Notes in whole, and cancellation of the Certificates following the exercise by the Retention Holder or the Seller of the Risk Retention Regulatory Change Option as fully set out in Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*); and
- (f) mandatory redemption in respect of the Notes in whole, and cancellation of the Certificates following the exercise by the Seller of the Regulatory Change Event Option as fully set out in Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*).

Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to its Principal Amount Outstanding together with accrued (and unpaid) interest on its Principal Amount Outstanding up to (but excluding) the date of redemption.

Upon all of the Notes being redeemed in full and the determination by the Security Trustee that no amounts are available to be paid in respect of the Security, the Notes will be cancelled.

Upon all of the Notes being redeemed in full or cancelled and the determination by the Security Trustee that no amounts are available to be paid in respect of the Security, the Certificates will be cancelled.

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. However, calculations of the possible average lives of the Notes can be made based on certain assumptions as described under the section entitled "*Estimated Weighted Average Lives of the Notes*" below.

Event of Default:

As fully set out in Condition 11 (*Events of Default*), which includes, among other events (where relevant, subject to the applicable grace period):

- non-payment of interest due in respect of Class A Notes or the Class B Notes or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes, and the default continues for a period of fifteen days;
- if default is made in the payment of any principal due in respect of the Most Senior Class of Notes and the default continues for a period of seven days;

- breach of any contractual obligations by the Issuer under the Transaction Documents which, in the opinion of the Note Trustee, is materially prejudicial to the interests of the holders of the Most Senior Class if such breach is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- any representation made by the Issuer is incorrect when given if the matters giving rise to such misrepresentation are in the opinion of the Note Trustee materially prejudicial to the interests of the holders of the Most Senior Class, and the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy or, if capable of remedy, such matters are not remedied within the applicable grace period; and
- the occurrence of certain insolvency-related events in relation to the Issuer.

Following the occurrence of an Event of Default, the Note Trustee may, or if so directed by an Extraordinary Resolution of the Most Senior Class or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class, shall serve an Enforcement Notice on the Issuer that all Classes of Notes are immediately due and payable, provided that, in each case, the Note Trustee is indemnified and/or pre-funded and/or secured to its satisfaction. Following service of an Enforcement Notice to the Issuer, the Security Trustee may enforce the Security.

If on any Interest Payment Date the Issuer has insufficient Available Revenue Receipts to pay in full of all amounts of interest (including any accrued interest thereon) due in respect of the Notes (other than current interest on the Class A Notes and the Class B Notes) or the payment due on the Class S Certificates that would otherwise be payable absent the deferral provisions in respect of the Notes (other than current interest on the Class A Notes and the Class B Notes) and the Class S Certificates 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 17 (*Subordination by Deferral*) and Certificate Condition 18 (*Subordination by Deferral*), as applicable, to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default.

In the event that amounts of interest are not paid in full on the Notes (other than current interest on the Class A Notes and the Class B Notes or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes, other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes) as noted above, such failure will not constitute an Event of Default until the Final Maturity Date and the Note Trustee and the Security Trustee will not be able to accelerate the Notes

until the Final Maturity Date and prior to such date will not be able to take any action to enforce the Security or effect a sale or disposal of the Portfolio.

Limited Recourse and Non-Petition:

The Notes and the Certificates are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 12.4 (*Limited Recourse*) and Certificate Condition 11.4 (*Limited Recourse*). In accordance with Condition 12.3 (*Limitations on Enforcement*), no Noteholder or Certificateholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

Governing Law:

The Notes will be governed by English law. Each of the Transaction Documents will also be governed by English law, save for any matters which are particular to the laws of Northern Ireland or Scotland which shall be governed by the laws of Northern Ireland or Scots law (as applicable).

ERISA Considerations:

It is expected that the Class A Notes will be ERISA-Eligible Notes (as defined herein). Any Note that is an ERISA-Eligible Note may not be purchased or held by, or with the assets of, (a) an "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), which is subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), (c) an entity whose underlying assets include "plan assets" by reason of such an employee benefit plan's or plan's investment in such entity within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) (each of the foregoing, a **Benefit Plan Investor**), or (d) a governmental, church or non-U.S. plan which is subject to any state, local, other federal or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code (**Similar Law**), unless the acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of any Similar Law. Each purchaser and transferee of such Note (or interest therein) will be deemed to have represented, warranted and agreed that either (i) it is not, and is not acting on behalf of (and for so long as it holds such Note (or interest therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to any Similar Law, and no part of the assets to be used by it to acquire or hold such Note or any interest therein constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or (ii) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of any Similar Law.

Each purchaser and transferee that is, or is acting on behalf of, a Benefit Plan Investor will be further deemed to represent, warrant and agree that (i) none of the Issuer, the Paying Agent, any Transfer Agent, the Registrar or any other party to the transactions referred to in this Prospectus, or other

persons that provide marketing services, or any of their respective affiliates, has provided, and none of them will provide, any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor (**Plan Fiduciary**), has relied as a primary basis in connection with its decision to invest in the Notes, and they are not otherwise undertaking to act as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgement in evaluating the investment in the Notes.

Each purchaser and transferee of a Note that is not an ERISA-Eligible Note (each Class of Notes other than the Class A Notes) will be deemed to have represented, warranted and agreed that (i) it is not, and is not acting on behalf of (and for so long as it holds such a Note (or interest therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor, and (ii) if it is a governmental, church or non-U.S. plan, (1) it is not, and for so long as it holds such Note or interest therein will not be, subject to any federal, state, local or non-U.S. law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or interest therein) by virtue of its interest and thereby subject the Issuer (or other persons responsible for the investment and operation of the Issuer's assets) to any Similar Law, and (2) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a violation of any Similar Law. See the section entitled "*ERISA Considerations for Investors*" below.

TRANSACTION OVERVIEW – RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

Please refer to the sections entitled "Terms and Conditions of the Notes", "Terms and Conditions of the Certificates" and "Risk Factors" for further detail in respect of the rights of Noteholders and Certificateholders, conditions for exercising such rights, and relationship with other Secured Creditors.

Prior to an Event of Default:

Prior to the occurrence of an Event of Default, Noteholders or Certificateholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes and/or Certificates then outstanding are entitled to convene a Noteholders' meeting.

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

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding in relation to the Subordinated Notes (other than any resolutions in respect of a Subordinated Notes Entrenched Right) if passed in accordance with the Conditions. Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver which constitutes a Subordinated Notes Entrenched Right unless persons holding or representing not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes then outstanding or in issue have consented to such modification or waiver and such authorisation or sanction will be binding on each Class of Subordinated Notes.

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding in relation to the Residual Certificates (other than in respect of a Basic Terms Modification or any resolutions in respect of a Residual Certificates Entrenched Right) if passed in accordance with the Conditions. Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which is a Basic Terms Modification or which otherwise affects a Residual Certificates Entrenched Right unless the Residual Certificateholders have consented to such modification or waiver (in writing).

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding in relation to the Retained Interest (other than any resolutions in respect of a Retained Interest Entrenched Right) if passed in accordance with the Conditions. Notwithstanding any other provision of the Conditions, the Certificate Conditions, the

Trust Deed or any other Transaction Document, no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver of which constitutes a Retained Interest Entrenched Right unless the Retained Interest Holder has consented to such modification or waiver (in writing).

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding in relation to the Class S Certificates (other than any resolutions in respect of a Class S Certificates Entrenched Right) if passed in accordance with the Conditions. Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which affects any Class S Certificates Entrenched Rights, unless the Class S Certificateholders have consented to such modification or waiver (in writing).

The Class S Certificateholders shall only be entitled to convene meetings of the Class S Certificateholders and/or pass resolutions in respect of the Class S Certificates in relation to matters affecting Class S Certificates Entrenched Rights.

Following an Event of Default:

Following the occurrence of an Event of Default which is continuing, Noteholders and/or Certificateholders may, if they hold not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class, or if an Extraordinary Resolution of the holders of the Most Senior Class is passed, direct the Note Trustee to serve an Enforcement Notice on the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest. The Note Trustee shall not be bound to take any such action unless first indemnified and/or pre-funded and/or secured to its satisfaction. In addition, Noteholders and/or Certificateholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes and/or Certificates are entitled to convene a Noteholders' and/or Certificateholders' meeting, as applicable.

Noteholders' and/or Certificateholders' Meeting provisions:

	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	At least 21 clear days	Not less than 13 clear days or more than 42 clear days
Quorum:	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the	Subject to more detailed provisions of the Trust Deed, (a) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the

relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification, a Subordinated Notes Entrenched Right or a Residual Certificate Entrenched Right) shall be one or more persons present and representing in the aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable. The quorum for passing a Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class of Notes and/or Certificates then outstanding or in issue, as applicable.

(b)

aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; or

for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or Certificates of the relevant Class then outstanding or in issue, as applicable; and

(c)

for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class of Notes and/or Certificates then outstanding or in issue, as applicable.

The quorum for consenting to or waiving a Subordinated Notes Entrenched Right or in

relation to paragraph (E) of the definition of “Residual Certificates Entrenched Rights” shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than (i) 10 per cent. of the aggregate Principal Amount Outstanding of a Class of Notes and/or (ii) 10 per cent. of the Residual Certificates then outstanding or in issue, as applicable.

Required majority for Ordinary Resolution : A clear majority of persons eligible to attend and vote at such meeting and voting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes and/or Certificates held by such eligible person) (an **Ordinary Resolution**).

Required majority for Extraordinary Resolution : Majority consisting of not less than 75 per cent. of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes and/or Certificates held by such eligible person) (an **Extraordinary Resolution**).

Required majority for a written resolution: Not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable. A written resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution:

The following matters require an Extraordinary Resolution of the Noteholders or Certificateholders, as applicable, as set out in the Trust Deed:

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;

- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Note Trustee 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;
- to approve the substitution of any person for the Issuer as principal debtor under the Notes other than in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 13.19 (*Issuer Substitution Condition*);
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to direct the Note Trustee to serve an Enforcement Notice;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, Security Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to appoint any persons as a committee to represent the interests of the Noteholders or the Certificateholders and to confer upon such committee any powers which the Noteholders or the Certificateholders could themselves exercise by Extraordinary Resolution;
- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Certificates for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash;
- the amendment of any rating agency trigger levels provided for in any of the Transaction Documents; and

- to give any other authorisation or sanction which under the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

For the avoidance of doubt, a proposal to sanction a reduction in the principal amounts due on a Class of Notes or any Class S Certificate Payments or Residual Certificate Payment shall require the sanction of the holders of the relevant Class of Notes or the Certificates to be so reduced, and shall not require the consent of other Classes of Notes or Certificates.

See Condition 12 (*Enforcement*) for more detail.

**Subordinated Notes
Entrenched Rights**

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, unless the same is authorised or sanctioned by the holders of not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Note (and such authorisation or sanction will be binding on each Class of Subordinated Notes) no Extraordinary Resolution or Ordinary Resolution may authorise or sanction:

- (a) any waiver in respect of:
 - (i) the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (*Warranties and Repurchase by the Seller and the Legal Title Holder*) of the Mortgage Sale Agreement;
 - (ii) the BoS Indemnity Payment;
 - (iii) the Issuer's Undertakings set out in Clause 7 (*Issuer's Undertakings*) of the Mortgage Sale Agreement;
 - (iv) the Seller's Undertakings set out in Clause 8 (*Seller's Undertakings*) of the Mortgage Sale Agreement;
 - (v) the SVR Adjustment Indemnity set out in Clause 9 (*SVR Adjustment Indemnity*) of the Mortgage Sale Agreement;
 - (vi) the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement;
 - (vii) the Standard Variable Rate setting provisions set out in Clause 4 (*Standard Variable Rate/Tracker Rate Margins*) of the Servicing Agreement);
 - (viii) the Servicer Termination Events;
- (b) any changes to this definition of Subordinated Notes Entrenched Rights,

being the **Subordinated Notes Entrenched Rights**.

Subordinated Notes means the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and/or the Class F Notes.

**Subordinated Holders
Action Rights**

The Issuer or (following the delivery of an Enforcement Notice) the Security Trustee (subject to the Security Trustee having been indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Deed of Charge) shall be required to enforce or exercise its rights if directed to do so by the holders of not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes or the holders of not less than 10 per cent. of the Residual Certificates (and such authorisation or sanction will be binding on the holders of each Class of Notes and the Residual Certificates) in respect of:

- (a) the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (*Warranties and Repurchase by the Seller and the Legal Title Holder*) of the Mortgage Sale Agreement;
- (b) the BoS Indemnity Payment;
- (c) the Issuer's Undertakings set out in Clause 7 (*Issuer's Undertakings*) of the Mortgage Sale Agreement;
- (d) the Seller's Undertakings set out in Clause 8 (*Seller's Undertakings*) of the Mortgage Sale Agreement;
- (e) the SVR Adjustment Indemnity set out in Clause 9 (*SVR Adjustment Indemnity*) of the Mortgage Sale Agreement;
- (f) the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement; and
- (g) the Standard Variable Rate setting provisions set out in Clause 4 (*Standard Variable Rate/Tracker Rate Margins*) of the Servicing Agreement),

being the **Subordinated Holders Action Rights**.

**Residual Certificates
Entrenched Rights:**

Notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which:

- (a) changes the Residual Certificateholders' rights under the Servicing Agreement;
- (b) changes the Residual Certificateholders' rights under the Portfolio Option Deed Poll;

- (c) changes the definition of "Residual Certificates Entrenched Rights";
- (d) is adverse to the holders of the Residual Certificates (the **Residual Certificateholders**) (and whether or not the interests of that Residual Certificateholder align with the interests of the holders of the relevant Class or Classes of Notes and/or the Certificates); or
- (e) waives:
 - (i) the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (*Warranties and Repurchase by the Seller and the Legal Title Holder*) of the Mortgage Sale Agreement;
 - (ii) the BoS Indemnity Payment;
 - (iii) the Issuer's Undertakings set out in Clause 7 (*Issuer's Undertakings*) of the Mortgage Sale Agreement;
 - (iv) the Seller's Undertakings set out in Clause 8 (*Seller's Undertakings*) of the Mortgage Sale Agreement;
 - (v) the SVR Adjustment Indemnity set out in Clause 9 (*SVR Adjustment Indemnity*) of the Mortgage Sale Agreement;
 - (vi) the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement;
 - (vii) the Standard Variable Rate setting provisions set out in Clause 4 (Standard Variable Rate/Tracker Rate Margins) of the Servicing Agreement); or
 - (viii) the Servicer Termination Events,

paragraphs (a) to (e) above being the **Residual Certificates Entrenched Rights**, unless (i) in relation to the matters in paragraphs (a) to (d) above each of the Residual Certificateholders has consented in writing to such modification or waiver and (ii) in relation to the matters in paragraph (e) above one or more persons holding or representing not less than 10 per cent. of the Residual Certificates then outstanding or in issue, has consented.

**Retained Interest
Entrenched Rights:**

Notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may (i) authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made (x) which is adverse to the holder of the Retained Interest (the **Retained Interest Holder**) where a corresponding modification or waiver is not made which affects all Noteholders of the relevant Class, or (y) to the definition of Retained Interest Entrenched Rights(the **Retained**

Interest Entrenched Rights); (ii) sanction a modification of the date of the maturity of any Class of the Notes or Certificates comprising the Retained Interest; (iii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates comprising the Retained Interest; (iv) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes comprising the Retained Interest or, where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes comprising the Retained Interest, or of the method of calculating the amounts payable in respect of any Class of the Certificates comprising the Retained Interest; (v) sanction a modification of any rights or obligations arising under the Portfolio Option Deed Poll or the Retention Holder Deed Poll; (vi) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates in each case comprising the Retained Interest which would adversely affect the Retention Holder; (vii) alter the voting rights in respect of the holders of any Class of the Notes or Class of the Certificates comprising the Retained Interest; and (viii) sanction any modification to the definition of Risk Retention Regulatory Change Event; unless the Retained Interest Holder has consented to such modification or waiver in writing.

**Class S Certificates
Entrenched Rights:**

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which affects any Class S Certificates Entrenched Rights, unless each of the Class S Certificateholders have consented to such modification or waiver in writing.

Class S Certificates Entrenched Rights means any modification or waiver which changes: (i) the date of payment of amounts due in respect of the Class S Certificates; (ii) the method of calculating the amounts payable in respect of the Class S Certificates; (iii) the priority of payments of amounts in respect of the Class S Certificates; or (iv) the definition of "Class S Certificates Entrenched Rights".

**Principal Amount
Outstanding of the
Certificates:**

The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions set out in the Conditions, the Certificate Conditions and the Trust Deed, any reference to the Principal Amount Outstanding of the Class S1 Certificates, Class S2 Certificates and the Residual Certificates shall each be deemed to be a reference to at all times to £10,000,000 (and where there is more than one holder of Class S Certificates or Residual Certificates, as applicable, any reference to the Principal Amount Outstanding of the Class S Certificates or Residual Certificates held by that person shall be a reference to their pro rata proportion of such amount).

**Relationship between
Classes of Noteholders,
Certificateholders and**

Subject to the provisions governing a Basic Terms Modification, the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights and Class S Certificates Entrenched Rights and the

**Retained Interest
Holder:**

Retained Interest Entrenched Rights, an Extraordinary Resolution of a relevant Class of Notes or Certificates shall be binding on all other Classes of Notes or Certificates which are subordinate to such Class of Notes or Certificates in the Pre-Enforcement Revenue Priority of Payments, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders or of any Class of Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the affected Class of Notes and/or Certificates (other than the Class S Certificateholders unless the matter is also a Class S Certificates Entrenched Right) then outstanding or in issue, as applicable.

The Class S Certificateholders shall only be entitled to convene meetings of the Class S Certificateholders and/or pass resolutions in respect of the Class S Certificates in relation to matters affecting a Class S Certificates Entrenched Right.

Clearing System means Euroclear and/or Clearstream, Luxembourg and includes in respect of any Note and/or Certificate any clearing system on behalf of which such Note and/or Certificate is held or which is the holder or (directly or through a nominee) registered owner of a Note and/or a Certificate, in either case whether alone or jointly with any other Clearing System(s).

**Relationship between
Noteholders,
Certificateholders and
other Secured Creditors:**

So long as any of the Notes or Certificates are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors.

So long as any of the Notes and/or Certificates are outstanding, the Note Trustee will have regard to the interests of each Class of Noteholders and Certificateholders (but at all times having regard to and subject always to the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Right and the Retained Interest Entrenched Rights), but if in the Note Trustee's sole opinion there is a conflict between the interests of any Classes of Notes and/or Certificates, it will (subject to the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) have regard solely to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes or Certificates in the Post-Enforcement Priority of Payments (other than the Class S Certificates, in respect of which the Note Trustee or, as the case may be, the Security Trustee will have regard only as to the Class S Certificates Entrenched Rights) and no Noteholder or Certificateholder shall have any claim against the Note Trustee for so doing.

Relevant Person as Noteholder or Certificateholder:

For certain purposes, including the determination as to whether Notes are deemed outstanding or Certificates are deemed still to be in issue for the purposes of convening or voting at a meeting of Noteholders or Certificateholders, those Notes or Certificates (i) which are for the time being held by or on behalf of or for the benefit of the Seller or any Affiliate thereof (other than the Retention Holder, Lloyds Bank plc and Bank of Scotland) (the Seller and the Affiliate, each a **Relevant Person**) and (ii) any other Notes or Certificates for the time being held by or on behalf of or for the benefit of a Relevant Person (unless such Relevant Person is separated by information barriers from the Joint Arranger or Joint Lead Manager teams), shall, in each case, (unless until ceasing to be so held) be deemed not to remain outstanding, provided that where all of the Notes of any Class or all of the Certificates of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes or Certificates (the Relevant Class of Notes or the Relevant Class of Certificates, as applicable) shall be deemed to remain outstanding or in issue (as the case may be). See above "*Risk Factors – Other Risks Related to changes to the Structure and Documents – There may be a conflict between the interests of Classes of Noteholders or Certificateholders*".

Provision of Information to the Noteholders and Certificateholders:

Please refer to the section entitled "*Certain Regulatory Disclosures – Transparency requirements*" and the section entitled "*General Information*" for more information.

Communication with Noteholders and Certificateholders:

Any notice to be given by the Issuer or the Note Trustee to Noteholders shall be given in the following manner:

- (a) Subject to paragraph (d) below, any notice to Noteholders and/or Certificateholders shall be validly given if published in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders and Certificateholders (in each case a **Relevant Screen**), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice.
- (b) In respect of Notes and/or Certificates in definitive form, notices to Noteholders or Certificateholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be

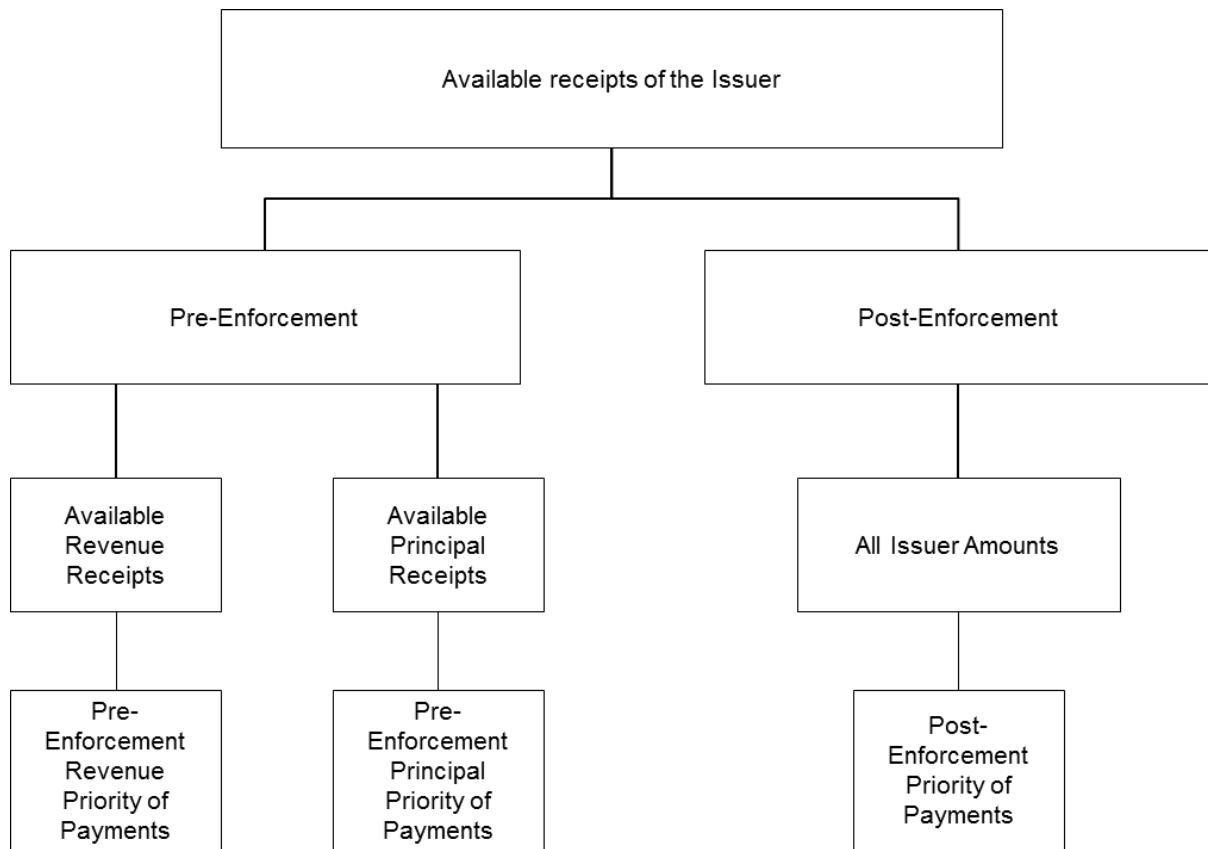
deemed to have been given on the fourth day after the date of posting.

- (c) While the Notes and/or Certificates are represented by Global Notes or Global Certificates, as applicable, notices to Noteholders and/or Certificateholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders and/or Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day such notice is sent to Euroclear and/or Clearstream, Luxembourg.
- (d) In relation to the Notes and Noteholders, so long as the relevant Notes are admitted to trading on, and listed on the official list of, the London Stock Exchange 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.

The Note Trustee shall be at liberty to sanction some other method where, in its sole opinion, the use of such other method would be reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or the quotation systems on or by which the Notes and/or Certificates, as applicable, are then listed, quoted and/or traded and provided that notice of such other method is given to Noteholders and Certificateholders in such manner as the Note Trustee shall require.

TRANSACTION OVERVIEW – CREDIT STRUCTURE AND CASHFLOW

Please refer to the sections entitled "Credit Structure" and "Cashflows" for further detail in respect of the credit structure and cashflow of the transaction.



Available Funds of the Issuer:

Available Revenue Receipts means, the sum of the following amounts, calculated on each Calculation Date, received or held by the Issuer in respect of the immediately three preceding Collection Periods (without double-counting):

- (a) Revenue Receipts received by the Issuer on the Mortgage Loans during the immediately three preceding Collection Periods;
- (b) interest payable to the Issuer on the Issuer Accounts (if any) and all income from any Authorised Investments received by the Issuer during the immediately three preceding Collection Periods;
- (c) any amounts standing to the credit of the Credit Reserve Fund, (but only to the extent necessary after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of this definition of Available Revenue Receipts and amounts standing to the credit of the Liquidity Reserve Fund under paragraph (d) of this definition of Available Revenue Receipts)) to make a Credit Reserve

Fund Payment and any amounts in excess of the Credit Reserve Fund Required Amount;

- (d) any amounts standing to the credit of the Liquidity Reserve Fund (but only to the extent necessary after applying all other Available Revenue Receipts (other than applying Principal Addition Amounts under paragraph (f) of this definition of Available Revenue Receipts) to pay Senior Revenue Amounts;
- (e) any other net income of the Issuer received during the immediately three preceding Collection Periods, excluding any Available Principal Receipts;
- (f) any Principal Addition Amounts to be applied as Available Revenue Receipts (after the application of the amounts standing to the credit of the Credit Reserve Fund in accordance with paragraph (c) and the Liquidity Reserve Fund in accordance with paragraph (d) above) in accordance with paragraph (a) of the Pre-Enforcement Principal Priority of Payments to pay any Revenue Shortfall;
- (g) following the service of an Enforcement Notice, an amount (if any) standing to the credit of the Credit Reserve Fund Ledger (other than amounts standing to the credit of the Liquidity Reserve Fund under paragraph (d) above of this definition of Available Revenue Receipts and Principal Addition Amounts under paragraph (f) above of this definition of Available Revenue Receipts) on such date;
- (h) if the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class X Notes and Class R Notes have or are being redeemed in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option*), Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) or Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*) on the relevant Payment Date, then all amounts standing to the credit of the Liquidity Reserve Fund;
- (i) following redemption in full of the Class A Notes and Class B Notes, all amounts standing to the credit of the Liquidity Reserve Fund;
- (j) Available Principal Receipts to be applied as Available Revenue Receipts pursuant to item (c) of the Pre-Enforcement Principal Priority of Payments;

- (k) following the service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Fund; and
- (l) all Liquidity Reserve Fund Excess Amounts,
less
- (m) amounts applied from time to time during the immediately three preceding Collection Periods in making payment of certain monies including (but not limited to):
 - (i) amounts which properly belong to third parties (including the Seller and the Servicer); and
 - (ii) Servicing Related Fees (which will be paid to the Seller as and when they are identified by the Servicer on behalf of the Issuer),

being collectively referred to herein as **Third Party Amounts**).

Available Principal Receipts means the sum of the following amounts, calculated on each Calculation Date, received or held by the Issuer in respect of the immediately three preceding Collection Periods (without double-counting):

- (a) Principal Receipts received by the Issuer in respect of the Mortgage Loans during the immediately three preceding Collection Periods;
- (b) all other principal amounts standing to the credit of the Principal Ledger on the Transaction Account including any Available Principal Receipts previously credited to the Principal Ledger on a Payment Date in accordance with the applicable Pre-Enforcement Principal Priority of Payments;
- (c) all amounts credited to the Principal Deficiency Sub-Ledgers pursuant to items (e), (h), (k), (n), (q), (t), (v) and (w) of the Pre-Enforcement Revenue Priority of Payments;
- (d) if the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and, Class X Notes are being redeemed in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option*), Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) or Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*) on the relevant Payment

Date, then all amounts standing to the credit of the Credit Reserve Fund;

- (e) any Reconciliation Amounts deemed to be Available Principal Receipts;
- (f) principal from any Authorised Investments to be received on or prior to the Calculation Date;
- (g) following the First Optional Redemption Date, any Revenue Receipts deemed to be Available Principal Receipts under item (w) of the Pre-Enforcement Revenue Priority of Payments;
- (h) following redemption in full of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, all amounts standing to the credit of the Credit Reserve Fund; and
- (i) following the service of an Enforcement Notice, all amounts standing to the credit of the Credit Reserve Fund.

Summary of Priorities of Payments:

Below is a summary of the relevant payment priorities. Full details of the payment priorities are set out in the section entitled "*Cashflows*".

Pre-Enforcement Revenue Priority of Payments

Pre-Enforcement Principal Priority of Payments

Post-Enforcement Priority of Payments

- (a) amounts due to the Security Trustee and the Note Trustee, any Appointee of the Note Trustee or the Security Trustee, any Receiver appointed by the Security Trustee (in their personal capacities as such) including fees, costs, charges, liabilities, expenses and all other amounts;
- (b) pari passu and pro rata, any other Senior Administration Costs (including Servicing Fees) and any amounts due to third parties incurred without breach by the Issuer of

- (a) to be applied as Principal Addition Amounts towards any Revenue Shortfall;
- (b) pro rata and pari passu, to the then principal amounts due on the Class A Notes;
- (c) pro rata and pari passu, to the then principal amounts due on the Class B Notes;
- (d) pro rata and pari passu, to the then principal amounts due on the Class C Notes;
- (e) pro rata and pari passu, to the then principal

- (a) amounts due to the Security Trustee and the Note Trustee, any Appointee of the Note Trustee or the Security Trustee, any Receiver appointed by the Security Trustee (in their personal capacities as such) including fees, costs, charges, liabilities, expenses and all other amounts;
- (b) pro rata and *pari passu*, to pay the Senior Administration Costs (including Servicing Fees);
- (c) pro rata and pari passu to pay (i) the Class S1

<u>Pre-Enforcement Revenue Priority of Payments</u>	<u>Pre-Enforcement Principal Priority of Payments</u>	<u>Post-Enforcement Priority of Payments</u>
the Transaction Documents (and for which payment has not been provided for elsewhere) and any amounts required to pay or discharge corporation tax of the Issuer (to the extent not capable of being satisfied out of amounts retained by the Issuer under item (c) below);	amounts due on the Class D Notes;	Certificate Payment and the Class S1 Certificate Payment
(c) to pay an amount equal to £1,250 to be retained by the Issuer as profit;	(f) pro rata and pari passu, to the then principal amounts due on the Class E Notes;	Early Repayment Amount due on the Class S1 Certificate and/or the Class S2 Certificate Payment due on the Class S2 Certificate; and (ii) the amounts of interest due on the Class A Notes;
(d) pari passu and pro rata, (i) any interest due on the Class A Note and (ii) the Class S1 Certificate Payment and the Class S1 Certificate Payment Early Repayment Amount (if any) due on the Class S1 Certificate and/or the Class S2 Certificate Payment due on the Class S2 Certificate;	(g) pro rata and pari passu, to the then principal amounts due on the Class F Notes;	(d) to pay, pro rata and pari passu with item (c) above,, the amount of any principal due on the Class A Notes;
(e) amounts to be credited to the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);	(h) pro rata and pari passu, to the then principal amounts due on the Class Z Notes; and	(e) to pay, pro rata and pari passu, to the amounts of interest due on the Class B Notes;
(f) pro rata and pari passu, any interest due on the Class B Notes;	(i) any excess in or towards application as Available Revenue Receipts.	(f) to pay, pro rata and pari passu, to the amounts of principal due on the Class B Notes;
(g) to credit the Liquidity Reserve Fund Ledger		(g) to pay, pro rata and pari passu, to the amounts of interest due on the Class C Notes;
		(h) to pay, pro rata and pari passu, to the amount of principal due on the Class C Notes;
		(i) to pay, pro rata and pari passu, to the amounts of interest due on the Class D Notes;
		(j) to pay, pro rata and pari passu, the amount of any principal due on the Class D Notes;
		(k) to pay, pro rata and pari passu, the amounts of

Pre-Enforcement Revenue
Priority of Payments

- up to the Liquidity Reserve Fund Required Amount;
- (h) amounts to be credited to the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (i) pro rata and pari passu, any interest due on the Class C Notes;
- (j) if the Class C Notes are the Most Senior Class of Notes to pay any Deferred Interest due on the Class C Notes (accumulated prior to the Class C Notes becoming the Most Senior Class);
- (k) amounts to be credited to the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (l) pro rata and pari passu, any interest due on the Class D Notes;
- (m) if the Class D Notes are the Most Senior Class of Notes to pay any Deferred Interest remaining unpaid on the Class D Notes (accumulated prior to

Pre-Enforcement Principal
Priority of Payments

Post-Enforcement Priority of
Payments

- interest due on the Class E Notes;
- (l) to pay, pro rata and pari passu, the amount of any principal due on the Class E Notes;
- (m) to pay, pro rata and pari passu, the amounts of interest due on the Class F Notes;
- (n) to pay, pro rata and pari passu, the amount of any principal due on the Class F Notes;
- (o) to pay, pro rata and pari passu, the amounts of interest due on the Class X Notes;
- (p) to pay, pro rata and pari passu, the amount of any principal due on the Class X Notes;
- (q) to pay, pro rata and pari passu, the amount of any principal due on the Class Z Notes;
- (r) to pay pro rata and pari passu any amounts due in relation to the Class R Notes; and
- (s) any remaining amounts to the holders of the Residual Certificates.

Pre-Enforcement Revenue
Priority of Payments

Pre-Enforcement Principal
Priority of Payments

Post-Enforcement Priority of
Payments

- the Class D Notes becoming the Most Senior Class);
- (n) amounts to be credited to the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (o) pro rata and pari passu, any interest due on the Class E Notes;
 - (p) if the Class E Notes are the Most Senior Class of Notes to pay any Deferred Interest remaining unpaid on the Class E Notes (accumulated prior to the Class E Notes becoming the Most Senior Class);
 - (q) amounts to be credited to the Class E Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (r) pro rata and pari passu, any interest due on the Class F Notes;
 - (s) if the Class F Notes are the Most Senior Class of Notes to provide for amounts due on the relevant Interest Payment Date to pay

Pre-Enforcement Revenue
Priority of Payments

Pre-Enforcement Principal
Priority of Payments

Post-Enforcement Priority of
Payments

- any Deferred Interest remaining unpaid on the Class F Notes (accumulated prior to the Class F Notes becoming the Most Senior Class);
- (t) amounts to be credited to the Class F Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (u) to credit to the Credit Reserve Fund Ledger up to the Credit Reserve Fund Required Amount;
- (v) amounts to be credited to the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (w) following the First Optional Redemption Date remaining Revenue Receipts to be credited to Available Principal Receipts and to make a corresponding credit of the Class Z Principal Deficiency Sub-Ledger;
- (x) pro rata and pari passu, any interest due on the Class X Notes;

Pre-Enforcement Revenue
Priority of Payments

Pre-Enforcement Principal
Priority of Payments

Post-Enforcement Priority of
Payments

- (y) if the Class X Notes are the Most Senior Class of Notes to provide for amounts due on the relevant Interest Payment Date to pay any Deferred Interest remaining unpaid on the Class X Notes (accumulated prior to the Class X Notes becoming the Most Senior Class);
- (z) repayment of principal amounts outstanding on the Class X Notes;
- (aa) to repay principal amounts on the Class R Notes; and
- (bb) remaining amounts to the holders of the Residual Certificates.

**General Credit
Structure:**

1. The credit structure of the transaction includes the following elements:
2. The availability of the credit reserve fund (the **Credit Reserve Fund**), which will be established by the Issuer or the Cash Manager on the Issuer's behalf on the Closing Date from the proceeds of the Class R Notes in an amount equal to the Credit Reserve Fund Required Amount. The amount required, from time to time, to be standing to the credit of the Credit Reserve Fund Ledger within the Reserve Account shall be an amount equal to the Credit Reserve Fund Required Amount. The Issuer may invest the amounts standing to the credit of the Credit Reserve Fund Ledger from time to time in Authorised Investments.
- 2.1 On and from the first Interest Payment Date, the Credit Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay a Credit Reserve Fund Payment (but only to the extent necessary after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of the definition of Available

- Revenue Receipts and amounts standing to the credit of the Liquidity Reserve Fund under paragraph (d) of the definition of Available Revenue Receipts)) or in accordance with the Post-Enforcement Priority of Payments (as applicable).
- 2.2 On and from the Closing Date, the Credit Reserve Fund will be credited up to the Credit Reserve Fund Required Amount from the proceeds of the issuance of the Class R Notes. Following redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, amounts standing to the credit of the Credit Reserve Fund will be available to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).
 3. **Credit Reserve Fund Payment** means payments required to be made pursuant to items (a) to (f) and (h) to (t) of the Pre-Enforcement Revenue Priority of Payments.
 4. **Credit Reserve Fund Required Amount** means an amount equal to:
 - 4.1 on the Closing Date and on any Interest Payment Date prior to the date on which the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are redeemed in full (the **Class F Notes Redemption Date**), an amount equal to 1.30 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and the Class Z Notes as at the Closing Date less amounts standing to the credit of the Liquidity Reserve Fund; and
 - 4.2 on any Interest Payment Date falling on or after the Class F Notes Redemption Date, zero.
 5. The availability of the liquidity reserve fund (the **Liquidity Reserve Fund**), which will be established by the Issuer or the Cash Manager on the Issuer's behalf on the Closing Date from the proceeds of the Class R Notes in an amount equal to the Liquidity Reserve Fund Required Amount. The amount required, from time to time, to be standing to the credit of the Liquidity Reserve Fund Ledger within the Reserve Account shall be an amount equal to the Liquidity Reserve Fund Required Amount. The Issuer may invest the amounts standing to the credit of the Liquidity Reserve Fund Ledger from time to time in Authorised Investments.
 - 5.1 On and from the first Interest Payment Date, the Liquidity Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay Senior Revenue Amounts

(but only to the extent necessary after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of the definition of Available Revenue Receipts)) or in accordance with the Post-Enforcement Priority of Payments (as applicable).

- 5.2 On the Closing Date, the Liquidity Reserve Fund will be credited from the proceeds of the issuance of the Class R Notes. On and from the first Interest Payment Date, any Liquidity Reserve Fund Excess Amount will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.
6. **Liquidity Reserve Fund Excess Amount** means, on any Interest Payment Date, the amount (if any) by which the amount standing to the credit of the Liquidity Reserve Fund after application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, exceeds the Liquidity Reserve Fund Required Amount.
7. **Liquidity Reserve Fund Required Amount** means prior to the date on which the Class A Notes and the Class B Notes are redeemed in full, an amount equal to 1.30 per cent. of the then aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes (as determined prior to any redemptions made in respect of the Class A Notes and the Class B Notes on the relevant Interest Payment Date) and thereafter zero.
8. **Senior Revenue Amounts** means all payments required to be made pursuant to items (a) to (d) and (f) of the Pre-Enforcement Revenue Priority of Payments.
9. On each Calculation Date prior to the service of an Enforcement Notice or the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes if the Cash Manager determines that there will be a Revenue Shortfall, then pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments, the Cash Manager on behalf of the Issuer shall apply Available Principal Receipts as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (amounts so applied, being **Principal Addition Amounts**), subject in respect of items (f), (i), (j), (l), (m), (o), (p), (r) and (s) of the Pre-Enforcement Revenue Priority of Payments to the relevant PDL Condition being satisfied.
- 9.1 Any Available Principal Receipts applied as Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger (as further described below).
10. **Revenue Shortfall** means the amount by which Available Revenue Receipts (excluding item (f) of the definition thereof) available for such purpose are insufficient to provide for payments of items (a), (b), (c), (d), (f), (i), (j), (l), (m), (o), (p),

(r) and (s) of the Pre-Enforcement Revenue Priority of Payments.

11. A Principal Deficiency Ledger will be established to record any Realised Losses affecting the Loans in the Portfolio and any Principal Addition Amounts applied as Available Revenue Receipts. The **Principal Deficiency Ledger** will comprise seven sub-ledgers: the Principal Deficiency Ledger relating to the Class A Notes (the **Class A Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class B Notes (the **Class B Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class C Notes (the **Class C Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class D Notes (the **Class D Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class E Notes (the **Class E Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class F Notes (the **Class F Principal Deficiency Sub-Ledger**) and the Principal Deficiency Ledger relating to the Class Z Notes (the **Class Z Principal Deficiency Sub-Ledger**) (each a **Principal Deficiency Sub-Ledger**).
- 11.1 Any Principal Addition Amounts will be recorded on the date such Principal Addition Amounts are determined by the Cash Manager and any Losses on the Portfolio will be recorded on the date that the Cash Manager is informed of such Losses by the Servicer or the Seller, and will each be recorded as a debit: (a) first, to the Class Z Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class Z Notes; (b) second, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (c) third, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (d) fourth, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (e) fifth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (f) sixth, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and (g) seventh, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes.
- 11.2 Investors should note that Realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan and its Related Security to outstanding fees and interest amounts due and payable on the relevant Loan. The Cash Manager will record as a credit to the Principal Deficiency Ledger Available Revenue Receipts applied

pursuant to items (e), (h), (k), (n), (q), (t), (v) and (w) of the Pre-Enforcement Revenue Priority of Payments.

Realised Losses means all realised losses on the Mortgage Loans including any loss to the Issuer as a result of the exercise of a set-off by any Borrower.

12. Available Revenue Receipts and Available Principal Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, respectively. Other than amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer in accordance with paragraph (c) of the Pre-Enforcement Revenue Priority of Payments, it is not intended that any surplus will be accumulated in the Issuer.
- 12.1 If, on any Interest Payment Date, the Issuer has insufficient Available Revenue Receipts to make payment in full of all amounts of interest (including any accrued interest thereon) due on the Notes (other than current interest on the Class A Notes and the Class B Notes or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes) or the Class S Certificate Payments in respect of the Class S Certificates that would otherwise be payable absent the deferral provisions in respect of the Notes (other than current interest on the Class A Notes and the Class B Notes) and the Class S Certificates 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 17 (*Subordination by Deferral*) and Certificate Condition 18 (*Subordination by Deferral*), as applicable, to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default.
- 12.2 In the event that amounts of interest are not paid in full on the Notes (other than current interest on the Class A Notes and the Class B Notes or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes) as noted above, such failure will not constitute an Event of Default until the Final Maturity Date and the Note Trustee and the Security Trustee will not be able to accelerate the Notes until the Final Maturity Date and prior to such date will not be able to take any action

to enforce the Security or effect a sale or disposal of the Portfolio.

- 12.3 Failure to pay current interest on the Class A Notes and the Class B Notes or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes) within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Notes being accelerated and the Security Trustee enforcing the Security.

TRANSACTION OVERVIEW – TRIGGERS TABLES

Rating Triggers Table

Transaction Party:	Required Ratings/Triggers:	Possible effects of Trigger being breached include the following:
Issuer Account Bank:	<p>(a) in the case of S&P, a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 by S&P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&P, or should the Issuer Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 from S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A+ by S&P;</p> <p>(b) in the case of Fitch, a short-term issuer default rating of at least "F1" by Fitch or a long-term issuer default rating (or deposit rating, if assigned) of at least "A" by Fitch; or</p> <p>(in each case) such other credit rating as would not adversely affect the then current rating of the Rated Notes, (the Account Bank Rating).</p>	<p>If the Issuer Account Bank fails to maintain any of the Account Bank Ratings, then the Issuer shall use all reasonable endeavours to, within 60 calendar days following the first day on which such downgrade occurred, either:</p> <p>(a) close the relevant Issuer Accounts held with the Issuer Account Bank (including, for the avoidance of doubt, the Transaction Account) and use all reasonable endeavours to open replacement accounts with a financial institution (i) having the Account Bank Ratings and (ii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or</p> <p>(b) use all reasonable endeavours to obtain a guarantee of the obligations of the Issuer Account Bank under the Bank Account Agreement from a financial institution which has the Account Bank Ratings, in each case as prescribed in the Bank Account Agreement, and transfer amounts standing to the credit of the relevant Issuer Accounts and all Ledgers on the relevant Issuer Account(s) to the replacement Issuer Account(s).</p>

Non-Rating Triggers Table

Perfection Trigger Events: The Issuer (or, following the delivery of an Enforcement Notice, the Security Trustee) may by notice in writing (a **Perfection Notice**) to the Seller (with a copy to the Sponsor Administrator, Security Trustee, the Issuer and the Servicer, as applicable) require the Seller to complete the transfer by way of the assignment to the Issuer (or to its nominee), of the legal title to the Loans and their Related Security as soon as reasonably practicable, following the occurrence of any of the following events (each a **Perfection Trigger Event**):

- (a) the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (b) the Legal Title Holder is required to perfect the Issuer's legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority of which the Legal Title Holder is a member or any organisation whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder to comply;
- (c) it becomes necessary by law or regulation;
- (d) the security created under or pursuant to the Deed of Charge or any material part of that security is in the opinion of the Security Trustee in jeopardy;
- (e) the occurrence of any Servicer Termination Event in circumstances where a replacement servicing agreement on substantially the same terms has not been entered into with an entity within the Lloyds Banking Group following the expiry of all applicable grace periods; or
- (f) an Insolvency Event in relation to the Legal Title Holder.

Servicer Termination Events:

Prior to the delivery of an Enforcement Notice, the Issuer with the written consent of the Security Trustee, or the Security Trustee itself (after delivery of an Enforcement Notice and subject to it having been instructed and indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Deed of Charge) (i) in the case of (a) or (b) below, may or, if the Issuer and the Security Trustee are directed by holders of not less than 10 per cent of the Principal Amount Outstanding of any Class of Subordinated Notes or the holders of not less than 10 per cent. of the Residual Certificates, shall; or (ii) in the case of (c) and (d) below, shall (in the case of the Security Trustee, subject to it having been instructed and indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Deed of Charge), at once or at any time thereafter while such default continues, terminate the appointment

of the Servicer, if any of the following events (each a **Servicer Termination Event**) occurs and is continuing:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of fifteen Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee (with a copy to the Back-Up Servicing Facilitator) requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which is (in the opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of 20 Business Days after becoming aware of such default **provided however** that where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 10 Business Days of receipt of such notice from the Issuer or the Security Trustee (with a copy to the Back-Up Servicing Facilitator), the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Issuer or (following delivery of an Enforcement Notice) the Security Trustee may in their absolute discretion specify to remedy such default or to indemnify Issuer and/or the Security Trustee (as applicable) against the consequences of such default;
- (c) the Servicer ceasing to be an authorised person under FSMA or failure by the Servicer to obtain or maintain the necessary licences, registrations or regulatory approvals enabling it to continue servicing the Loans; or
- (d) an Insolvency Event in respect of the Servicer or Bank of Scotland.

Prior to termination of the appointment of the Servicer, the Issuer shall appoint a Successor Servicer to service the Loans on behalf of the Issuer and the Seller as legal title holder, as applicable with effect from the termination of the appointment of the Servicer.

The Servicer may resign upon giving not less than 12 months' written notice to the Issuer, the Security Trustee, the Seller and the Back-Up Servicing Facilitator provided that, inter alia, a replacement Servicer has been appointed.

Termination of Servicer appointment by Residual

If:

Certificateholders pursuant to a Servicer Termination Trigger:

- (a) at any date that a change to the Standard Variable Rate or Halifax Homeowner Variable Rate (the **HHVR**) (as applicable) becomes effective and such change results in the then HHVR plus 0.50 per cent being greater than the then Standard Variable Rate; and
- (b) in setting the Standard Variable Rate such that it is below the HHVR plus 0.50 per cent, TMB was not acting as a result of an SVR Adjustment Event,

then the majority Residual Certificateholders may by notice in writing to the Servicer, the Seller, the Issuer, the Security Trustee, the Sponsor Administrator and the Rating Agencies, terminate the Servicer's appointment as Servicer and the Issuer shall appoint a Successor Servicer as instructed by the majority Residual Certificateholders.

If the servicing of the Mortgage Loans and Related Security has not been migrated to a Successor Servicer and the Successor Servicer has not entered into a replacement servicing agreement with the Issuer within the Servicing Migration Period from the date

- (a) the proposed Successor Servicer has (A) been identified by the majority Residual Certificateholders that will result in the conditions to the appointment of a Successor Servicer pursuant to the Servicing Agreement being met; and (B) entered into an engagement letter that provides for the proposed Successor Servicer to (i) act as the Successor Servicer upon migration of the servicing of the Mortgage Loans and Related Security and (ii) act reasonably and dedicate a reasonable level of resources, skill and expertise to the migration of the servicing of the Mortgage Loans and Related Security in order for the migration to the Successor Servicer to be completed within six months of the entry into the engagement letter
- (b) the Legal Title Holder Transferee has been identified by the majority Residual Certificateholders that will result in the conditions to the appointment of a Legal Title Holder Transferee pursuant to the Servicing Agreement being met,

then the Servicer will indemnify the Residual Certificateholders (other than the Retention Holder) in amount equal to the Servicer Migration Indemnity Amount.

The Servicer Migration Indemnity Amount shall only be payable provided that the proposed Successor Servicer acts reasonably and dedicates a reasonable level of resources, skill and expertise to the migration the servicing of the Mortgage Loans and Related Security in order for the migration to the Successor Servicer to be completed within the Servicing Migration Period.

The Issuer shall reimburse Relevant Servicing Entities for all reasonable costs and expenses properly incurred by the Relevant Servicing Entities in connection with (i) the migration of the servicing from TMB to the Successor Servicer and (ii) the transfer of legal title to the Mortgage Loans and the Related Security to the Legal Title Holder Transferee, in each case as a result of the termination of the Servicer due to a Servicer Termination Trigger.

TRANSACTION OVERVIEW – FEES

The following table sets out the ongoing fees to be paid by the Issuer during the lifetime of the transaction to the transaction parties and other ancillary fees, taxes and costs.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing Fees	The Servicer receives a fee for servicing the loans. The Issuer will pay to the servicer a servicing fee of 0.25 per cent. per annum (inclusive of VAT) on the aggregate amount of the Mortgage Portfolio as at the immediately preceding Calculation Date. The rate is subject to adjustment if the applicable rate of VAT changes.	Ahead of all outstanding Notes and Certificates but after the fees of the Note Trustee and the Security Trustee.	Payable quarterly on a pro-rata basis on each Interest Payment Date.
Cash Management Fee	£12,000 per annum (inclusive of any VAT)	Ahead of all outstanding Notes and Certificates but after the fees of the Note Trustee and the Security Trustee.	Quarterly on each Interest Payment Date.
Issuer Account Bank Fee	£5,000 per annum inclusive of any VAT	Ahead of all outstanding Notes and Certificates but after the fees of the Note Trustee and the Security Trustee.	Quarterly on each Interest Payment Date.
Other fees and expenses of the Issuer	Estimated at £140,000 per annum exclusive of VAT.	Ahead of all outstanding Notes and Certificates but (other than the fees and expenses of the Note Trustee and the Security Trustee) after the fees of the Note Trustee and the Security Trustee.	Quarterly on each Interest Payment Date.
Expenses related to the admission to trading of the Notes	Estimated at £18,515 (exclusive of VAT).	Ahead of all outstanding Notes and Certificates but after the fees of the Note Trustee and the Security Trustee.	On or about the Closing Date.

As at the date of this Prospectus, the standard rate of UK VAT is 20 per cent.

CERTAIN REGULATORY DISCLOSURES

The following outlines certain matters that may be relevant to some investors. It does not purport to be a comprehensive list of regulatory matters that pertain to investors. All investors are responsible for analysing their own regulatory position.

Please refer to "*Risk Factors – Legal and Regulatory Risks*" for more information.

UK Securitisation Regulation

Risk Retention Requirements

Lloyds Bank Corporate Markets plc, as sponsor, (the **Retention Holder**) for the purposes of the UK Securitisation Regulation will:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of the UK Securitisation Regulation;
- (b) not change the manner in which it retains such material net economic interest, except to the extent permitted by the UK Securitisation Regulation; and
- (c) not sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the UK Securitisation Regulation,

subject to any requirement of law and **provided that** the Retention Holder will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond the control of the Retention Holder.

As at the Closing Date, such interest will comprise the Retention Holder holding 5 per cent. of the nominal value of each Class of Notes, the Class S1 Certificates and the Class S2 Certificates, in accordance with Article 6(3)(a) of the UK Securitisation Regulation and Article 6(3)(a) of the EU Securitisation Regulation as in force as at the Closing Date (together with the interest retained pursuant to the U.S. Credit Risk Retention Requirements, the **Retained Interest**). Any change to the manner in which the Retained Interest is held will be notified to the Noteholders in accordance with the Conditions and the requirements of the UK Securitisation Regulation.

Transparency requirements

The Issuer (as "SSPE" for the purposes of the UK Securitisation Regulation) has been designated pursuant to Article 7(2) of the UK Securitisation Regulation as the entity to fulfil the information requirements pursuant to points (a), (b), (e), (f) and (g) of the first subparagraph of Article 7(1) of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation.

The Issuer will:

- (a) procure that the Servicer (with the assistance of the Cash Manager) will produce, on a quarterly basis, simultaneously with the loan level report referred to in paragraph (b) below, a quarterly investor report in respect of the relevant period as required by, and in accordance with, Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards;
- (b) procure that the Servicer will, on a quarterly basis, simultaneously with the investor report referred to in paragraph (a) above, produce certain loan-by-loan information in relation to the

Portfolio in respect of the relevant period as required by, and in accordance with, Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards;

- (c) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes; and
- (d) publish without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation,

provided that the Issuer will not be in breach of such undertaking if it fails to so comply due to events, actions and/or circumstances beyond its control.

The reports set out in paragraphs (a) and (b) above, and the documentation and information set out in paragraphs (c) and (d) above, shall be published on the website of European DataWarehouse Ltd, being, as at the date of this Prospectus, a securitisation repository registered under Article 10 of the UK Securitisation Regulation, at <https://editor.eurowdw.co.uk/esma/viewdeal?edcode=RMBSUK000209500420234>. Each such report set out in paragraphs (a) and (b) above shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

STS Status

Neither the Seller nor the Retention Holder intend to make an STS notification (as defined in the UK Securitisation Regulation) to the FCA that the Transaction meets the requirements of Articles 19 to 22 of the UK Securitisation Regulation. Accordingly, the Transaction shall not be considered an STS securitisation.

EU Securitisation Regulation

Risk retention requirements

The Retention Holder, as "sponsor" for the purposes of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date), will:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 6(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only);
- (b) not change the manner in which it retains such material net economic interest, except to the extent permitted by the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only);
- (c) not sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only),

subject to any requirement of law and **provided that** the Retention Holder will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond the control of the Retention Holder.

Any change to the manner in which the Retained Interest is held will be notified to the Noteholders in accordance with the Conditions and the requirements of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only).

Transparency requirements

The Issuer (as "SSPE" for the purposes of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only)) will undertake to fulfil the information requirements pursuant to points (a), (b), (e), (f) and (g) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only). The Issuer has appointed the Servicer to perform all of the Issuer's obligations in relation to that undertaking.

The Issuer will:

- (a) procure that the Servicer (with the assistance of the Cash Manager) will produce, on a quarterly basis, simultaneously with the loan level report referred to in paragraph (b) below, an investor report in respect of the relevant period as required by, and in accordance with, Article 7(1)(e) of the EU Securitisation Regulation and the EU Article 7 Technical Standards (as in force, interpreted and applied as at the Closing Date only);
- (b) procure that the Servicer will, on a quarterly basis, simultaneously with the investor report referred to in paragraph (a) above, produce certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by, and in accordance with, Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards (as in force, interpreted and applied as at the Closing Date only);
- (c) make available the documents as required by and in accordance with Article 7(1)(b) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) prior to the pricing date of the Notes; and
- (d) publish without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only),

provided that the Issuer will not be in breach of such undertaking if it fails to so comply due to events, actions and/or circumstances beyond its control and the Issuer and the Servicer may at their discretion agree instead to comply with Article 7, or any sub-article thereof, of the EU Securitisation Regulation as in force, interpreted and applied after the Closing Date as if references to "as in force, interpreted and applied as at the Closing Date only" were not included therein.

The reports set out in paragraphs (a) and (b) above, and the documentation and information set out in paragraphs (c) and (d) above, shall be published on the website of European DataWarehouse Ltd at <https://editor.eurowdw.co.uk/esma/viewdeal?edcode=RMBSUK000209500420234>, being, as at the date of this Prospectus, a website that meets the requirements set out in Article 7(2) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only). Each such report set out in paragraphs (a) and (b) above shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

No self-certified Mortgage Loans after 20 March 2014

The UK Securitisation Regulation and the EU Securitisation Regulation provide for a ban on the securitisation of residential mortgage loans made after 20 March 2014, which had been 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 lender. So far as the Seller is aware, none of the Mortgage Loans (including any Further Advance in respect of such Loans) was made (including as a result of any Product Switch or otherwise as a result of a material variation to the original Loan) after 20 March 2014.

Adverse selection – Information on credit risk profile of the Mortgage Portfolio

Mortgage Loans were not selected to be sold to the Issuer with the aim of rendering losses on the Mortgage Loans sold to the Issuer, measured over a period of four years, higher than the losses over the same period on comparable assets held on the balance sheet of the Seller.

Credit granting standards and information regarding the policies and procedures

The Seller has internal policies and procedures in place in relation to loan origination, the administration of loans and risk mitigation. The policies and procedures of the Seller include criteria for granting of offers of Loans that consider a variety of factors, such as a potential borrower's credit history, employment history and status and repayment ability, as well as the value of the property to be mortgaged, as to which please see the section entitled "*The Loans – Lending Criteria*".

The same sound and well defined criteria for credit-granting was applied by the Seller to the exposures in the Mortgage Portfolio as the criteria which was applied to exposures originated by Seller that are not included in the Mortgage Portfolio.

Notes are not part of a re-securitisation

The Notes are not part of a securitisation of one or more exposures where at least one of the underlying exposures is a securitisation position.

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 and/or Article 5 of the EU Securitisation Regulation. None of the Issuer, the Retention Holder, the Joint Arrangers or the Joint Lead Managers or any of the transaction parties makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

None of the Issuer, the Joint Arrangers or the Joint Lead Managers 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.

For further information please refer to "*Risk Factors – Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes*" and "*Summary of the Key Transaction Documents – Servicing Agreement – Portfolio information and reporting – general*", "*Summary of the Key Transaction Documents – Cash Management Agreement – Reporting*" and "*General Information – Investor Reports and Information*" for further information on the implications of the UK Securitisation Regulation and the EU Securitisation Regulation and certain other related matters.

U.S. Credit Risk Retention

TMB, acting as Sponsor, is required under the U.S. Credit Risk Retention Requirements, to ensure that it (or a majority-owned affiliate of the Sponsor) acquires and retains an economic interest in the credit risk of the assets collateralising the issuance of "asset-backed securities" in an amount equal to at least

five per cent. TMB intends to satisfy the U.S. Credit Risk Retention Requirements by procuring that the Retention Holder, as its majority owned affiliate acquires and retains directly an eligible vertical interest equal to at least five per cent. of the nominal value of each Class of Notes and Certificates issued by the Issuer (an **EVI**). For a description of the Notes and Certificates, see "*Transaction Overview – Summary of the Terms and Conditions of the Notes and the Certificates*".

TMB, acting as Sponsor, is required by the U.S. Credit Risk Retention Requirements to acquire and retain, either directly or through a majority-owned affiliate, the Retention Holder, the EVI until the later of: (a) the fifth anniversary of the Closing Date and (b) the date on which the total outstanding principal balance of the Loans has been reduced to 25 per cent. of the total outstanding principal balance of the Loans at the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the **Sunset Date**). Any financing obtained by the Retention Holder (or its majority-owned affiliate) prior to the Sunset Date that is secured by the EVI must provide for full recourse to the Retention Holder (or its majority-owned affiliate) and otherwise comply with the U.S. Credit Risk Retention Requirements. The retention, financing and hedging limitations set forth in the U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Retention Holder that do not constitute part of the EVI.

In addition to the above, prior to the Sunset Date, the Retention Holder will not purchase, transfer or sell any Notes or Certificates, or enter into any derivative, hedge, agreement or position, which in either case would reduce or limit its financial exposure in respect of the EVI that it will maintain to satisfy the U.S. Credit Risk Retention Requirements to the extent such activities would be prohibited activities in accordance with U.S. Credit Risk Retention Requirements.

Subject to any applicable restrictions on transfer, the Retention Holder may, at any time and from time to time, sell or otherwise transfer any portion of the EVI that is in excess of the portion it is required to retain to comply with the U.S. Credit Risk Retention Requirements. U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Retention Holder that do not constitute part of the EVI held by the Retention Holder.

Rule 15Ga-2

Rule 15Ga-2, which became effective on 15 June 2015, requires any issuer or underwriter of asset-backed securities (including, for this purpose, securitisations of residential and commercial mortgage loans as well as other asset classes) rated by a nationally recognised statistical rating organisation to furnish a form via the SEC's EDGAR database describing the findings and conclusions of any third-party due diligence report obtained by the issuer or underwriter (a **Form ABS-15G Report**), at least five business days prior to the first sale of the asset-backed securities. The filing requirements apply to both publicly registered offerings and unregistered securitisations of assets offered within the United States such as those relying on Rule 144A. A third-party due diligence report is any report containing findings and conclusions relating to due diligence services, which are defined as a review of pool assets for the purposes of issuing findings on: (1) the accuracy of the asset data; (2) determining whether the assets conform to stated underwriting standards; (3) asset value(s); (4) legal compliance by the originator; and (5) any other factor material to the likelihood that the issuer will pay interest and principal as required. These due diligence services are routinely provided by third-party due diligence vendors in asset-backed securities structured transactions and affect their credit ratings.

A Form ABS-15G Report containing diligence findings and conclusions with respect to a third-party due diligence report in respect of a sample of the Loans prepared for the purpose of the transaction contemplated by this Prospectus has been prepared and furnished by the Seller on 28 December 2022, being no later than five business days prior to the pricing date, and is publicly available on EDGAR pursuant to Rule 15Ga-2. This Form ABS-15G Report is not, by this reference or otherwise, incorporated into this Prospectus and should not be relied upon by any prospective investor as a basis for making a decision to invest in the Notes.

Prospective investors should rely exclusively on this Prospectus as a basis for making a decision to invest in the Notes.

Rule 17g-5 Compliance

In order to permit the Rating Agencies to comply with their obligations under Rule 17g-5, all information that is provided to the Rating Agencies for the purposes of determining the initial credit ratings of the Notes or undertaking credit rating surveillance of the Notes will be posted on a password-protected internet website (the **Rule 17g-5 Website**) at the same time such information is provided to the Rating Agencies.

Any notices or requests to, or any other written communications with or written information provided to, the Rating Agencies, or any of their officers, directors or employees pursuant to, in connection with or related directly or indirectly to the Portfolio, the Notes or otherwise in connection with the transaction described in this Prospectus will be, in each case, posted to the Rule 17g-5 Website.

For further information please refer to the Risk Factor entitled "*Macro-economic and Market Risks - Rule 17g-5, unsolicited ratings and ratings assigned to the Rated Notes may be lowered or withdrawn which may affect the market value of the Rated Notes*".

ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES

The term "weighted average life" refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the relevant investor of amounts sufficient to fully repay principal in respect of such security (assuming no losses on the Mortgage Loans and weighted by the principal amortisation of the Notes on each Interest Payment Date). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of repayment of the Mortgage Loans in the Mortgage Portfolio.

The actual weighted average lives of the Notes cannot be stated, as the ultimate rate of prepayment of the Mortgage Loans and redemption of the Mortgages and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions. For example, based on the assumptions that:

- (a) the Portfolio Option Holder exercises the Portfolio Purchase Option on the First Optional Redemption Date, in the first scenario (as set out in the table headed "Assuming the Portfolio Purchase Option is exercised on the First Optional Redemption Date" below), or, in the second scenario, the Seller does not exercise any of the Purchase Options (as set out in the table headed "Assuming the Seller does not exercise any of the Purchase Options" below);
- (b) the Loans are subject to a constant annual rate of prepayment (excluding scheduled principal redemptions) of between 0 and 30 per cent. per annum as shown on the table below;
- (c) 100 per cent. of the Loans in the Provisional Portfolio are owned by the Issuer on the Closing Date;
- (d) the assets of the Issuer are not sold except as may be necessary to enable the Issuer to realise sufficient funds to redeem the Notes pursuant to the exercise of the Portfolio Purchase Option on the First Optional Redemption Date or pursuant to the exercise of the Clean-up Purchase Option;
- (e) the characteristics of the Loans in the Mortgage Portfolio will be identical to those of the Loans in the Portfolio as at the Reference Date, except that Loans that have reached or are past the recorded maturity date have been excluded from the calculations;
- (f) Loans that have reached or are past the recorded maturity pay down at the same rate as the remaining Loans included in the Portfolio;
- (g) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (h) no Borrowers are offered and accept different mortgage products by the Seller, and, as applicable, the Seller is not required to repurchase, or make an indemnity payment in respect of, any Loan in accordance with the Mortgage Sale Agreement;
- (i) the Security is not enforced;
- (j) the Seller is not in breach of the terms of the Mortgage Sale Agreement;
- (k) all Loans are and continue to make monthly payments;
- (l) the payment frequency of the Loans is on a monthly basis;

- (m) the ratio of the Principal Amount Outstanding of each note:
 - (i) the Class A Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Reference Date is 84.0 per cent.;
 - (ii) the Class B Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Reference Date is 5.0 per cent.;
 - (iii) the Class C Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Reference Date is 3.5 per cent.;
 - (iv) the Class D Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Reference Date is 2.0 per cent.;
 - (v) the Class E Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Reference Date is 1.5 per cent.;
 - (vi) the Class F Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Reference Date is 1.5 per cent.; and
 - (vii) the Class Z Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Reference Date is 2.5 per cent.,
- (n) where the Reference Date, for the purposes of estimating the weighted average lives of the Notes, is 31 October 2022;
- (o) the interest and principal collections of the Mortgage Portfolio are calculated on a Loan-by-Loan basis, or where the Loan has more than one part, a part-by-part basis;
- (p) the amortisation of any repayment Loan is calculated as an annuity loan on a 30/360 basis, and the interest on each Mortgage is calculated on a 30/360 basis;
- (q) the Notes are issued on the Closing Date of 19 January 2023;
- (r) the first Interest Payment Date occurs on or about 17 April 2023;
- (s) the first interest period includes 5 months of collections;
- (t) each Interest Payment Date occurs on and payments on the Notes are made on the 16th day of January, April, July and October throughout the life of the Notes (subject to adjustment in accordance with the modified following business day convention, disregarding bank holidays);
- (u) Loans in the Mortgage Portfolio which are not Repayment Loans are assumed to be Interest-Only Loans on a part-by-part basis;
- (v) there are no Flexible Drawings;
- (w) no Further Advance and no variation is made in respect of any Mortgage in the Portfolio (including any variation that would result in the relevant Loan in the Mortgage Portfolio being repurchased or redeemed. See further "*Risk Factors*" – "*The timing and amount of payments on the Mortgage Loans could be affected by various factors which may adversely affect payments on the Notes or the Certificates*");
- (x) the weighted average lives of the Notes are calculated on an ACT/365 basis;

- (y) there is no debit balance on the Principal Deficiency Ledger on any Interest Payment Date;
- (z) no interest or expense shortfalls occur that would result in the use of the Liquidity Reserve Fund or the Credit Reserve Fund or the application of any Principal Addition Amounts;
- (aa) for calculation of the weighted average lives of the Notes paragraphs (b), (f) and (g) of the definition of Available Principal Receipts thereof is considered to be zero; and
- (bb) the rates of interest payable on the Notes and Mortgage Portfolio include certain assumptions regarding the relevant margins, such as flat BBR (1.75%) and flat Standard Variable Rate (6.2%).

The actual characteristics and performance of the Mortgage Loans are likely to differ from the modelling assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under various prepayment scenarios. For example, the Issuer does not expect that the Mortgage Loans will prepay at a constant rate until maturity, or that there will be no defaults or delinquencies on the Mortgage Loans. Any difference between the modelling assumptions and, *inter alia*, the actual prepayment or loss experience on the Mortgage Loans will affect the redemption profile of the Notes and cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated constant prepayment rate (CPR).

CPR means, on any Calculation Date, the annualised principal prepayment rate of all the Mortgage Loans during the previous Determination Period calculated as follows:

$$1 - ((1-R) ^ (12))$$

where R equals the result (expressed as a percentage) of the total principal prepayments received by the Issuer during the immediately preceding Determination Period divided by the aggregate Principal Amount Outstanding of the Mortgage Loans as at the first day of that Determination Period.

CPR	(Assuming the Portfolio Purchase Option is exercised on the First Optional Redemption Date)						
	Possible Weighted Average Life (in years) of:						
	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class Z Notes
0.0%	2.88	3.24	3.24	3.24	3.24	3.24	3.24
5.0%	2.61	3.24	3.24	3.24	3.24	3.24	3.24
10.0%	2.35	3.24	3.24	3.24	3.24	3.24	3.24
15.0%	2.11	3.24	3.24	3.24	3.24	3.24	3.24
20.0%	1.88	3.24	3.24	3.24	3.24	3.24	3.24
25.0%	1.67	3.24	3.24	3.24	3.24	3.24	3.24
30.0%	1.47	3.24	3.24	3.24	3.24	3.24	3.24

CPR	(Assuming the Portfolio Option Holder or the Seller does not exercise any Option, other than the exercise of the Clean-up Purchase Option)						
	Possible Weighted Average Life (in years) of:						
	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class Z Notes
0.0%	5.64	10.19	10.55	10.75	10.75	10.75	10.75

5.0%	4.34	9.61	10.09	10.25	10.25	10.25	10.25
10.0%	3.37	8.66	9.38	9.50	9.50	9.50	9.50
15.0%	2.69	7.16	8.29	8.49	8.49	8.49	8.49
20.0%	2.20	6.06	6.88	7.00	7.00	7.00	7.00
25.0%	1.82	5.29	5.92	6.00	6.00	6.00	6.00
30.0%	1.53	4.61	5.29	5.50	5.50	5.50	5.50

**EARLY REDEMPTION OF THE NOTES PURSUANT TO THE PORTFOLIO PURCHASE
OPTION, RISK RETENTION REGULATORY CHANGE EVENT, THE REGULATORY
CHANGE EVENT OPTION OR OPTIONAL REDEMPTION FOR TAX AND OTHER
REASONS**

New Issue Conditions Precedent

Each of the following conditions (the **New Issue Conditions Precedent**) must be satisfied (unless waived or not be required to be met as set out below) in order for the Portfolio Option Holder to exercise the Portfolio Purchase Option or the Retention Holder to exercise the Risk Retention Regulatory Change Option, and purchase the Mortgage Portfolio following such exercise, being the **New Issue**, subject to such variations as the Portfolio Option Holder, the Risk Retention Regulatory Change Option Holder and TMB in its capacity as Servicer, Seller and Legal Title Holder agree:

- (a) save where TMB's role in its capacity as Servicer and/or Legal Title Holder has been terminated in accordance with the Transaction Documents:
 - (i) the purchaser shall appoint the Servicer to service the Mortgage Loans in its capacity as servicer on substantially similar terms to those set out in the Servicing Agreement subject to the servicing fees payable to TMB as Servicer being on market terms for comparable transactions and paid in advance on either a monthly or quarterly basis in accordance with the payment date frequency in any new securitisation or other financing arrangement as agreed between the parties in good faith, except that if TMB does not accept the appointment as Servicer on such terms and on such fees the satisfaction of this condition shall not be required to be met;
 - (ii) provided that the Servicer is appointed pursuant to paragraph (i) above, legal title to the Mortgage Loans must be retained by the Legal Title Holder on substantially similar terms to those set out in the Transaction Documents, except that if the Legal Title Holder does not accept the appointment as Legal Title Holder on such terms the satisfaction of this condition shall not be required to be met; and
 - (iii) if a Borrower requests a Further Advance or a Product Switch, the terms of the servicing provisions of the loan will include a right for the Servicer to suggest to the Borrower that it seek an alternative mortgage from another company within Lloyds Banking Group;
- (b) the New Issue Documents must:
 - (i) include a substantially similar Tax/Illegality Option permitting the original Legal Title Holder to elect to purchase the beneficial interest in the Mortgage Loans originated by it upon the occurrence of a Tax/Illegality Option, where references therein to (x) "Closing Date", "Transaction" and "Transaction Documents" shall be read as references to the closing date, transaction, and relevant transaction documents, in respect of that new securitisation or other financing arrangement and (y) the "Seller" shall be read as a reference to TMB;
 - (ii) include:
 - (A) the right for the original Legal Title Holder to elect to purchase the beneficial interest in the Mortgage Loans originated by TMB from the New Issue on any payment date falling 6 years after the Closing Date subject to the aggregate Current Balance of such Mortgage Loans as of such date being less than or

equal to 10 per cent. of the aggregate Current Balance of such Mortgage Loans as at the Closing Date; and

- (B) the repurchase price in connection with such option shall be the fair market value of such Mortgage Loans originated by TMB as at the end of the relevant immediately preceding calculation period provided that the option in paragraph (A) may only be exercised if the fair market value is an amount equal to or higher than the Base Portfolio Purchase Option Purchase Price;
- (iii) include an undertaking from the new issuer in favour of TMB, in its capacity as Legal Title Holder, that it will only sell the beneficial interest in the Mortgage Portfolio on the terms set out in such New Issue Documents;
- (c) TMB in its capacity as Servicer, Seller and Legal Title Holder (as applicable) is of the opinion that:
 - (i) exercise of the relevant Option, and the terms of any subsequent servicing of, arrangements relating to, financing or securitisation in respect of, the Mortgage Loans including the entry by TMB into the documents outlined above, do not adversely affect the prudential de-recognition of the Mortgage Loans under the significant transfer rules contained in Article 244 of the UK CRR (and related regulation and guidance) or otherwise contravene the prohibition on implicit support contained in Article 250 of the UK CRR (and related regulation and guidance);
 - (ii) exercise of the relevant Option and the terms of any subsequent servicing of, arrangements relating to, financing or securitisation in respect of, the Mortgage Loans including the entry by TMB into the documents outlined above does not adversely affect the position of TMB or its accounting consolidation group in relation to past or future de-recognition of the Mortgage Portfolio under IFRS 9 or deconsolidation and de-recognition of the Issuer (in a refinancing) or the relevant new issuer (as applicable) under IFRS 10 (or any other rules which TMB relies on to achieve deconsolidation and de-recognition), such determination to be based on an opinion of a reputable accountancy or law firm chosen by TMB;
 - (iii) the exercise of the relevant Option and the terms of any subsequent servicing of, arrangements relating to, financing or securitisation in respect of, the Mortgage Loans including the entry into any agreements or arrangements in connection with such Option would not cause it (in such respective capacities) to be in breach of any Ring-Fencing Rules (as determined in its sole opinion);
 - (iv) if the risk retention holder is an affiliate of TMB and if the New Issue is a Rule 144A transaction, the transaction is structured in such a way that it relies on the foreign transactions safe harbor exemption under the U.S. Risk Retention Rules; and
- (d) the New Issue Documents impose substantially similar requirements set out in paragraphs (a) to (c) above for any subsequent refinancing or other transaction involving the Mortgage Loans; and
- (e) if LBCM is the retention holder for the New Issue then a risk retention regulatory call option is included in the New Issue Documents on substantially the same terms as the Risk Retention Regulatory Change Option, but LBCM is under no obligation to be a party to the New Issue or to be the retention holder for the New Issue.

Following the receipt by TMB in its capacity as Servicer and Legal Title Holder of the relevant Exercise Notice, it shall use reasonable efforts within 30 calendar days of such receipt to notify the Issuer, the Portfolio Option Holder, the Retention Holder, the Risk Retention Regulatory Change Option Holder and the Sponsor Administrator if it determines that the New Issue Conditions Precedent are satisfied (or otherwise deemed to be satisfied or waived by the Seller or not being required to be met). If the New Issue Conditions Precedent are satisfied (or otherwise deemed to be satisfied or waived by the Seller or not being required to be met), the Seller will agree to act as Servicer and Legal Title Holder in accordance with paragraph (a) of the section entitled "*New Issue Conditions Precedent*".

New Issue Documents means the relevant transaction documents entered into in connection with any new securitisation or other financing arrangement where the option being exercised is the Portfolio Purchase Option, the Tax/Illegality or the Risk Retention Regulatory Change Option or the Regulatory Change Event Option.

Option means the Portfolio Purchase Option, the Risk Retention Regulatory Change Option, the Regulatory Change Event Option, the Clean-up Purchase Option or the Tax/Illegality Option, as the context permits.

Ring-Fencing Rules means any relevant requirement under Part 9B of the Financial Services and Markets Act 2000, or any secondary legislation made thereunder, in each case as in force from time to time or any applicable UK Regulators' rule introduced under Section 142H of the Financial Services and Markets Act 2000 (as amended) and any related supervisory statement or other guidance issued by the UK Regulators including any guidance following communications between TMB and the UK Regulators.

Risk Retention Regulatory Change Option Holder means the Retention Holder.

Portfolio Purchase Option

The Portfolio may be sold by the Issuer pursuant to the Portfolio Purchase Option and the Issuer will undertake not to dispose of the Portfolio in any other circumstances (other than in relation to an enforcement of the Security) other than in the event of the exercise of the Risk Retention Regulatory Change Option, the Clean-up Purchase Option and Tax/Illegality Option.

Pursuant to and subject to the terms of the Portfolio Option Deed Poll, the Portfolio Option Holder has an option (the **Portfolio Purchase Option**) to require the Issuer to: (i) sell and transfer to the Portfolio Option Holder (or its nominee) the beneficial title to all Loans and Related Security in the Portfolio (other than the Loans which have been repurchased or have redeemed in full) (the **Portfolio Purchase Option Loans**); (ii) transfer to the Portfolio Option Holder or its nominee the right to legal title to the Portfolio Purchase Option Loans and their Related Security; (iii) if applicable (and subject at all times to the Mortgage Sale Agreement), procure that the Seller transfers legal title to the Portfolio Option Holder or its nominee specified as such in the exercise notice; and (iv) serve all relevant notices and take all steps, enter into such documentation as may be reasonably required (including carrying out requisite registrations and recordings) in order to vest or transfer legal title in and to the Portfolio Purchase Option Loans in the Portfolio Option Holder or its nominee, in each case subject to the terms of the Portfolio Option Deed Poll.

The Portfolio Option Holder may exercise the Portfolio Purchase Option to effect an early redemption of the Notes pursuant to Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*):

- (a) on the Interest Payment Date following the date on which the Issuer has given notice to the Portfolio Option Holder of its intention to redeem the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), provided that any election to exercise the Portfolio

Purchase Option in these circumstances must be notified to the Note Trustee within 20 Business Days of receipt of such notice;

- (b) on the First Optional Redemption Date or any Interest Payment Date following the First Optional Redemption Date;
- (c) on any Interest Payment Date on which the aggregate Current Balance of the Loans in the Mortgage Portfolio (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio on the Closing Date;
- (d) on any Interest Payment Date following the date on which the Retention Holder (or any of its nominees) or the Seller (or any of their nominees) give notice of its intention to exercise the Risk Retention Regulatory Change Option following the date on which the Retention Holder and the Seller jointly determine that a Risk Retention Regulatory Change Event has occurred; and
- (e) on any Interest Payment Date following the date on which the Seller (or any of its delegates) gives notice of its intention to exercise the Regulatory Change Event Option following the date on which the Seller determines that a Regulatory Change Event has occurred,

with each date on which the Notes are redeemed pursuant to Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*) being an **Optional Redemption Date**.

The Portfolio Purchase Option may be exercised by notice to the Issuer with a copy to the Cash Manager, the Note Trustee, the Security Trustee, the Seller, the Legal Title Holder, the Retention Holder and each of the Rating Agencies with the purchase to take effect on the Calculation Date immediately preceding the Optional Redemption Date specified in the exercise notice (such purchase date, the **Portfolio Sale Completion Date**). Prior to the delivery of an Exercise Notice, the Portfolio Option Holder shall notify the Seller, the Servicer and the Legal Title Holder of its intention to serve an Exercise Notice on the Issuer as soon as reasonably practicable, specifying the expected date for the delivery of such Exercise Notice, and at least ten Business Days before such notice is served on the Issuer.

The Notes shall be redeemed in full on the relevant Optional Redemption Date or any Interest Payment Date thereafter subject to the satisfaction of the New Issue Conditions Precedent in the reasonable opinion of TMB in its capacity as Servicer and Legal Title Holder being satisfied prior to the Portfolio Purchase Option being exercised.

The Portfolio Option Holder may, up to ten Business Days following the service of an Enforcement Notice on the Issuer and the Portfolio Option Holder (the **Option Holder Purchase Period**), offer to purchase the Mortgage Loans comprising the Mortgage Portfolio at the Portfolio Purchase Option Purchase Price and the Security Trustee shall not be entitled to dispose of any Mortgage Loans comprising the Charged Assets or any part thereof during the Option Holder Purchase Period or following the receipt of an offer from the Portfolio Option Holder to the Security Trustee's satisfaction.

Portfolio Purchase Option Purchase Price

The purchase price for the Portfolio under the Portfolio Purchase Option (the **Portfolio Purchase Option Purchase Price**) shall be equal to the higher of:

- (a) the **Base Portfolio Purchase Option Purchase Price** being an amount equal to (without double-counting):

- (i) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon as at the Optional Redemption Date; *plus*
 - (ii) any fees, costs, amounts and expenses of the Issuer payable senior to the Residual Certificates in the Post-Enforcement Priority of Payments as at the Optional Redemption Date; *less*
 - (iii) any amounts standing to the credit of the Transaction Account as at the date of the most recent Servicer Report (but disregarding any amounts standing to the credit of the Issuer Profit Ledger) as at the date of the most recent Servicer Report; and
- (b) the Portfolio Purchase Option Current Value Purchase Price.

The Portfolio Purchase Option Current Value Purchase Price shall be determined by the Portfolio Option Holder, in consultation with the Retention Holder, calculating such price and giving notice of it to the Retention Holder. If the Portfolio Option Holder and the Retention Holder cannot agree on a Portfolio Purchase Option Current Value Purchase Price they may together appoint an independent third party valuer who shall, following consultation with such parties, propose an alternative Portfolio Purchase Option Current Value Purchase Price, which shall be binding on the parties.

The Portfolio Option Holder or its nominee will be required to provide irrevocable payment instructions for an amount to be transferred equal to the Portfolio Purchase Option Purchase Price to the Transaction Account provided that such deposit shall be made on or before the Portfolio Sale Completion Date or such later date as agreed with the Note Trustee or (after the service of an Enforcement Notice) take such other action as agreed with the Security Trustee.

Where the sale to the Portfolio Option Holder does not contemplate a transfer of the legal title to the Loans being sold, the exercise of the Portfolio Purchase Option shall be conditional on the consent of the Legal Title Holder to hold legal title on behalf of the Portfolio Option Holder or its nominee.

Portfolio Option Holder means the holder (or holders) of more than 75 per cent. of the Residual Certificates or an entity representing the holder (or holders in aggregate) of more than 75 per cent. of the Residual Certificates (other than any Residual Certificates held directly or indirectly by or on behalf of the Retention Holder).

Portfolio Purchase Option Current Value Purchase Price means fair market value of all (but not some only) of the Mortgage Loans in the Portfolio as determined in accordance with the Portfolio Option Deed Poll or the Retention Holder Deed Poll (as applicable).

Redemption of Notes and the cancellation of the Certificates

Following exercise of the Portfolio Purchase Option, on the Optional Redemption Date the Portfolio Purchase Option Purchase Price will be applied in accordance with the Post-Enforcement Priority of Payments in order to redeem the Notes in full. Any funds remaining after the payment in full of all items ranking in priority to the Residual Certificates will be paid to the Residual Certificateholders before the Residual Certificates are cancelled.

The Issuer has covenanted in the Portfolio Option Deed Poll in favour of the Portfolio Option Holder that prior to the service of an Enforcement Notice it shall not agree to any sale of the Portfolio that is not already provided for under the Transaction Documents without the prior written consent of the Portfolio Option Holder.

To the extent that the purchaser of the Loans holds any of the Notes, it may set-off from the Portfolio Purchase Option Purchase Price an amount equal to the amounts due to it as Noteholder on the Optional Redemption Date.

Provided that there is no shortfall to pay items ranking higher or pari passu in the applicable Priorities of Payments, to the extent that the purchaser of the Loans holds any of the Notes or Certificates, it may set-off from the Portfolio Purchase Option Purchase Price an amount equal to the amounts due to it as Noteholder or Certificateholder on the Optional Redemption Date.

Exercise Notice means:

- (a) in respect to the Portfolio Option Deed Poll, a notice delivered by the Portfolio Option Holder in accordance with the Portfolio Option Deed Poll to exercise the Portfolio Purchase Option;
- (b) in respect to the Retention Holder Deed Poll, a notice delivered by the Risk Retention Regulatory Change Event Option Holder in accordance with the Retention Holder Deed Poll to exercise the Risk Retention Regulatory Change Option (if the Portfolio Option Holder has not elected to exercise the Portfolio Purchase Option); and
- (c) a notice delivered by the Seller to exercise either the (i) Clean-up Purchase Option; (ii) Risk Retention Regulatory Change Option (if the Portfolio Option Holder has elected not to exercise the Portfolio Purchase Option and if the Retention Holder has elected not to exercise the Risk Retention Regulatory Change Option); or (iii) the Tax/Illegality Option (if the Portfolio Option Holder has elected not to exercise the Portfolio Purchase Option); or (iv) the Regulatory Call Option (if the Portfolio Option Holder has elected not to exercise the Portfolio Purchase Option).

Portfolio Option Deed Poll means the deed poll dated the Closing Date executed by the Issuer in favour of the Portfolio Option Holder from time to time.

Clean-up Purchase Option

Exercise

The Mortgage Portfolio may be sold by the Issuer pursuant to the Clean-up Purchase Option.

Pursuant to and subject to the terms of the Portfolio Option Deed Poll the Portfolio Option Holder (or its nominee) may elect to purchase the Mortgage Loans under the Portfolio Purchase Option. In the event that the Portfolio Option Holder (or its nominee) does not elect to purchase the Mortgage Loans, the Seller has an option (the **Clean-up Purchase Option**) to require the Issuer to sell and transfer to the Seller (or its nominee) the beneficial title to all Mortgage Loans and Related Security in the Mortgage Portfolio.

Pursuant to Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option*), the Seller may exercise (subject to the Portfolio Option Holder's right to first exercise the Portfolio Purchase Option) the Clean-up Purchase Option to effect an early redemption of the Notes on any Payment Date on which the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio on the Closing Date, with the result that the Notes are redeemed pursuant to Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option*)

The Clean-up Purchase Option may be exercised by notice to the Issuer with a copy to the Cash Manager, the Note Trustee, the Security Trustee, the Retention Holder, the Portfolio Option Holder and

the Rating Agencies with such purchase to take effect on the Calculation Date immediately preceding the Optional Redemption Date (the **Clean-up Sale Completion Date**). The Notes shall be redeemed on the Payment Date falling immediately after the Clean-up Sale Completion Date.

Purchase Price

The purchase price payable by the Seller (or its nominee) in respect of the Clean-up Purchase Option shall be the Portfolio Purchase Option Current Value Purchase Price.

It is a condition to the exercise of the Clean-up Purchase Option that the Portfolio Purchase Option Current Value Purchase Price is higher than the Base Portfolio Purchase Option Purchase Price.

Redemption of Notes and the cancellation of any Certificates (then in issue)

Following exercise of the Clean-up Purchase Option, on the Optional Redemption Date the Portfolio Purchase Option Current Value Purchase Price will be applied in accordance with the Post-Enforcement Priority of Payments provided that such amount is sufficient in order to redeem the Notes in full.

Provided that there is no shortfall to pay items ranking higher or pari passu in the applicable Priorities of Payments, to the extent that the purchaser of the Mortgage Loans holds any of the Notes, the Seller may set-off from the Portfolio Purchase Option Current Value Purchase Price an amount equal to the amounts due to it as Noteholder on the Optional Redemption Date.

Optional Redemption for Tax and other Reasons

The Issuer may, subject to certain conditions, redeem the Notes in full following a determination of the Seller of:

- (a) a change in tax law (or the application or official interpretation thereof) which change becomes effective on or after the Closing Date which would require a deduction or withholding from any payment on any Notes or Certificates (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes or Certificates) of any Tax; or
- (b) a change in law (or the application or official interpretation thereof) which change becomes effective on or after the Closing Date whereby it has or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes or Certificates (as more fully set out in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*)).

The Seller may, pursuant to the terms of the Mortgage Sale Agreement, purchase the Loans in respect of any optional redemption of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) (subject to the Portfolio Option Holder's right to first exercise the Portfolio Purchase Option). The Seller shall notify the Portfolio Option Holder of its intention to serve such a notice on the Issuer as soon as reasonably practicable and by no later than 10 Business Days after the occurrence of any event specified in paragraph (a) or (b) of Condition 8.3(*Optional Redemption for Taxation or Other Reasons*).

If the Portfolio Option Holder notifies the Seller within 10 Business Days of the Seller having indicated its intention to serve a notice on the Issuer that the Portfolio Option Holder intends to exercise the Portfolio Purchase Option, the Seller shall not serve a notice on the Issuer (unless the Portfolio Option Holder has not subsequently exercised the Portfolio Purchase Option) and any notice served in such circumstances shall be invalid. If the Portfolio Option Holder does not elect to exercise the Portfolio Purchase Option then the Seller shall be entitled to purchase the Loans (the **Tax/Illegality Option**).

The consideration payable by the Seller or the Portfolio Option Holder, as applicable, in the circumstances described above shall be in respect of the Seller, the Portfolio Purchase Option Current Value Purchase Price and in respect of the Portfolio Option Holder, the Portfolio Purchase Option Purchase Price, as at the close of business on the immediately preceding Business Day, provided that it shall be a condition to the exercise by the Seller of the Tax/Illegality Option that the Portfolio Purchase Option Current Value Purchase Price is greater than the Base Portfolio Purchase Option Purchase Price.

Provided that there is no shortfall to pay items ranking higher or pari passu in the applicable Priorities of Payments, to the extent that Seller holds any of the Notes or Certificates, it may set-off from the Portfolio Purchase Option Current Value Purchase Price an amount equal to the amounts due to it as Noteholder or Certificateholder on the Interest Payment Date on which the Notes are to be redeemed.

Optional Redemption in the event of a Risk Retention Regulatory Change Event

Pursuant to the Retention Holder Deed Poll, and provided the Portfolio Option Holder has not exercised the Portfolio Purchase Option, (i) the Retention Holder (or any of its nominees) or (ii) provided that the Retention Holder has not exercised the Risk Retention Regulatory Change Option, the Seller (or any of its nominees), shall have the right (but not any obligation) to acquire or re-acquire (or procure the acquisition or re-acquisition of), as applicable, the entire beneficial interest of the Issuer in the Portfolio (other than the Mortgage Loans which have been repurchased or have redeemed in full) upon the occurrence of a Risk Retention Regulatory Change Event in accordance with the terms of Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*).

The price payable by or on behalf of the Seller or the Retention Holder (or any of its nominees) (as applicable) to the Issuer to acquire or re-acquire (as applicable) the beneficial interest of the entire Portfolio from the Issuer shall equal the Portfolio Purchase Option Current Value Purchase Price as calculated three Business Days prior to acquisition or re-acquisition (as applicable).

The Risk Retention Regulatory Change Event Option Holder shall notify (a) the Seller, the Servicer and the Legal Title Holder (with a copy to the Portfolio Option Holder) of its intention to serve an Exercise Notice on the Issuer as soon as reasonably practicable, specifying the expected date for the delivery of such Exercise Notice, and at least ten Business Days before such notice is served on the Issuer; (b) the Portfolio Option Holder of its intention to serve an Exercise Notice on the Issuer as soon as reasonably practicable and at least 10 Business Days before such notice is served on the Issuer. If the Portfolio Option Holder notifies the Risk Retention Regulatory Change Event Option Holder within 10 Business Days of such notification that it intends to exercise the Portfolio Purchase Option, the Risk Retention Regulatory Change Event Option Holder shall not serve such notice on the Issuer (unless the Portfolio Option Holder has not subsequently exercised the Portfolio Purchase Option) and any notice served in such circumstances shall be invalid.

In the event that the Portfolio Option Holder has not exercised the Portfolio Purchase Option and the Risk Retention Regulatory Change Event Option Holder has not exercised the Risk Retention Regulatory Change Event Option within 20 Business Days of the occurrence of a Risk Retention Regulatory Change Event, the Seller may elect to purchase the entire beneficial interest of the Issuer in the Mortgage Portfolio.

Provided that there is no shortfall to pay items ranking higher or pari passu in the applicable Priorities of Payments, to the extent that the Retention Holder or the Seller (or any of its nominees) (as applicable) holds any of the Notes or Certificates, it may set-off from the Portfolio Purchase Option Current Value Purchase Price an amount equal to the amounts due to it as Noteholder or Certificateholder on the Payment Date on which the Notes are to be redeemed.

Following exercise of the Risk Retention Regulatory Change Option, the Issuer will give not more than 40 nor less than five Business Days' notice to the Noteholders and the Certificateholders in accordance with Condition 16 (*Notice to Noteholders*) and Certificate Condition 15 (*Notice to Certificateholders*) and the Note Trustee stating that the Notes and Certificates will be redeemed in accordance with the Post-Enforcement Priority of Payments on the Interest Payment Date immediately following the exercise of such option by the Retention Holder.

Retention Holder Deed Poll means the deed poll dated the Closing Date executed by the Issuer in favour of the Seller and/or the Retention Holder (or their nominee).

Risk Retention Regulatory Change Event means any change in or the adoption of any new law, rule, technical standards or regulations or any determination of a relevant regulator as jointly determined by the Seller and the Retention Holder, which:

- (a) as a matter of law or regulation, has a binding effect on the Retention Holder or the Seller after the Closing Date which would impose a positive obligation on either of them to subscribe for Notes over and above those required to be maintained by it under its Risk Retention Undertaking or otherwise imposes additional material obligations on the Retention Holder or the Seller in order to maintain compliance with the Risk Retention Requirements;
- (b) as a matter of law or regulation, in respect of the Retention Holder, results in the Retention Holder no longer being able to qualify as an eligible retainer of the Retained Interest for purposes of the Risk Retention Requirements; and the Retention Holder is not able to transfer the Retained Interest to one of its affiliates without violating the Risk Retention Requirements or any other applicable law, or incurring any additional material costs or obligations in connection with any such transfer, in any case, as determined by the Retention Holder, in its sole discretion; or
- (c) by virtue of the Retention Holder's obligation to comply with the Risk Retention Undertaking, would, in respect of the Retention Holder, have an analogous effect or result to those specified in paragraphs (a) and (b) above.

Risk Retention Regulatory Change Event Option Holder means the Retention Holder.

Risk Retention Regulatory Change Option means the option of the Retention Holder (or its nominee) to acquire all but not some of the Portfolio, following a Risk Retention Regulatory Change Event provided that if the Retention Holder has not exercised the Risk Retention Regulatory Change Option, then the Seller may exercise the option to acquire all but not some of the Portfolio.

Risk Retention Regulatory Change Option Completion Date means the Interest Payment Date on which the purchase of the Loans by the relevant purchaser is expected to occur in connection with the exercise of the Risk Retention Regulatory Change Option.

Risk Retention Requirements means (i) Article 6 of the UK Securitisation Regulation, and any replacement thereof; (ii) Article 6(1) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) not taking into account any relevant national measures, as if it were applicable to it, but solely as such articles are interpreted and applied on the Closing Date; and (iii) the U.S. Credit Risk Retention Requirements.

Risk Retention Undertaking means the undertakings made by the Retention Holder to the Issuer, the Security Trustee, the Joint Lead Managers and the Joint Arrangers as set out in the Risk Retention Letter.

U.S. Credit Risk Retention Requirements means Section 15G of the U.S. Securities Exchange Act of 1934, as amended, and the final rules related thereto published on 24 December 2014 in the Federal Register by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the SEC and the Department of Housing and Urban Development.

Optional redemption in the event of a Regulatory Change Event

Pursuant to the Regulatory Change Event Option, provided the Portfolio Option Holder has not exercised the Portfolio Purchase Option upon the occurrence of a Regulatory Change Event, the Seller has the right (but not the obligation) pursuant to the Portfolio Option Deed Poll to re-acquire (or procure the re-acquisition of) the entire beneficial interest of the Issuer in the Mortgage Portfolio and thereby effect a redemption of the Notes following the occurrence of a Regulatory Change Event in accordance with the terms of Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*).

The price payable by or on behalf of the Seller to the Issuer to re-acquire the beneficial interest of the entire Mortgage Portfolio from the Issuer shall be an amount equal to the Portfolio Purchase Option Current Value Purchase Price as calculated three Business Days prior to acquisition or re-acquisition (as applicable).

It is a condition to the exercise of the Regulatory Change Event Option that the Portfolio Purchase Option Current Value Purchase Price is greater than the Base Portfolio Purchase Option Purchase Price.

The Seller shall notify the Portfolio Option Holder of its intention to serve an Exercise Notice on the Issuer as soon as reasonably practicable and at least ten Business Days before such notice is served on the Issuer. If the Portfolio Option Holder notifies the Seller within ten Business Days of such notification that it intends to exercise the Portfolio Purchase Option, the Seller shall not serve such notice on the Issuer (unless the Portfolio Option Holder has not subsequently exercised the Portfolio Purchase Option) and any notice served in such circumstances shall be invalid. If the Portfolio Option Holder does not elect to exercise the Portfolio Purchase Option then the Seller shall be entitled to purchase the Mortgage Loans.

Provided that there is no shortfall to pay items ranking higher or *pari passu* in the applicable Priorities of Payments, to the extent that the purchaser of the Loans holds any of the Notes or Certificates, it may set-off from the Portfolio Purchase Option Purchase Price an amount equal to the amounts due to it as Noteholder or Certificateholder on the Optional Redemption Date.

Following exercise of the Regulatory Change Event Option, the Issuer will give not more than 40 nor less than five Business Days' notice to the Noteholders and the Certificateholders in accordance with Condition 16 (*Notice to Noteholders*) and Certificate Condition 15 (*Notice to Certificateholders*) and the Note Trustee stating that the Notes and Certificates will be redeemed in accordance with the Post-Enforcement Priority of Payments on the Interest Payment Date immediately following the exercise of such option by the Retention Holder.

Regulatory Change Event means a determination by the Seller, acting in a commercially reasonable manner that as a result of either:

- (a) a change, occurring at any time on or after the Closing Date, in any internationally recognised accounting rules and/or any applicable accounting classification and/or regulations, any enactment of, or supplement or amendment to, or a change in law, policy or interpretation by any relevant regulatory authority (either communicated publicly by any relevant regulatory authority or bilaterally following communications between the Seller and the UK Regulators), of any relevant regulations; or

- (b) the outcome of the initial supervisory significant risk transfer assessment for the Transaction, the difference between:
- (i) the amount of regulatory capital which the Seller or its prudential consolidation group would be required to hold in respect of the Mortgage Loans over the full term of the Transaction contemplated by the Transaction Documents (the **Transaction**) but for the transaction contemplated by the Transaction; and
 - (ii) the amount of regulatory capital which the Seller or its prudential consolidation group is required to hold in respect of the tranches comprising the securitisation, or the Mortgage Loans, over the full term of the Transaction taking into account the Transaction,
- has materially decreased compared with the capital relief reasonably anticipated by the Seller on the Closing Date.

Regulatory Change Event Option means the option of the Seller to acquire all but not some of the Portfolio, following a Regulatory Change Event.

UK Regulators means the Prudential Regulation Authority and the Financial Conduct Authority (or their successor).

Each redemption arising pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option*), Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) or Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*) is an **Early Redemption** where used in this Prospectus.

USE OF PROCEEDS

The Issuer will use the net proceeds of the Notes of £2,705,101,109.42 on the Closing Date to:

- (a) pay the Purchase Price payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date;
- (b) pay to the Servicer a fee equal to the Bank of England base rate plus 2.25 per cent (inclusive of VAT) calculated on the number of days from the Cut-off Date (and including) to the Closing Date on the aggregate amount of the outstanding balance of all the Loans from (and including) the Cut-off Date to (but excluding) the Closing Date in relation to the Collections to be transferred to the Issuer on Closing Date under the Mortgage Sale Agreement;
- (c) pay certain fees and expenses of the Issuer incurred in connection with (i) the issue of the Notes and Certificates on the Closing Date and (ii) any other day one third party fees and costs as per the terms of the Transaction Documents; and
- (d) establish the Credit Reserve Fund and the Liquidity Reserve Fund.

RATINGS

The Rated Notes on issue are expected to be assigned the following ratings by S&P and Fitch (collectively, the **Rating Agencies**):

Class of Rated Notes	S&P and Fitch
A	AAA / AAA
B	AA+ / AA
C	AA- / A
D	A / BBB
E	BBB+ / BB
F	BB+ / CCC
X	BBB- / CC

The assignment of a rating to the Rated Notes by a Rating Agency is not a recommendation to invest in any Class of Rated Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

Except as described above, the Issuer has not requested a rating of any Class of Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency would rate any Class of Notes, or what rating would be assigned by any such rating agency. Any rating assigned by such other rating agency to a Class of Notes could be lower than the rating assigned by the Rating Agencies to such Class of Notes.

The Class Z Notes, the Class R Notes and the Certificates will not be rated by either of the Rating Agencies.

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the UK and is registered under the UK CRA Regulation.

As of the date of this Prospectus, neither of the Rating Agencies are established in the European Union and have not applied for registration under the EU CRA Regulation. The ratings issued by S&P have been endorsed by S&P Global Ratings Europe Limited and the ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited, in each case in accordance with the EU CRA Regulation.

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 8 July 2022 (registered number 14223931) as a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is 1 Bartholomew Lane, London, EC2N 2AX. The telephone number of the Issuer's registered office is +44 20 7389 6300. The issued share capital of the Issuer comprises 50,000 ordinary shares of GBP 1 each, of which 1 share is fully paid up and 49,999 shares are quarter-paid and all shares are held by Holdings (see "*Holdings*" below). The legal entity identifier (**LEI**) of the Issuer is 213800AMOVZ8X4YGP617 and the securitisation transaction unique identifier (**STUI**) is 213800AMOVZ8X4YGP617N202301.

The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer was established as a special purpose vehicle solely for the purpose of purchasing the Mortgage Loans and issuing asset backed notes. The Issuer is permitted, pursuant to the terms of its articles of association, *inter alia*, to purchase the Mortgage Loans and issue the Notes and the Certificates. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 5 (*Covenants and Undertakings*) and Certificate Condition 5 (*Covenants and Undertakings*).

Under the Companies Act 2006 (as amended), the Issuer's governing documents may be altered by a special resolution of shareholders.

In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide to the Issuer certain directors, a registered and administrative office, the arrangement of meetings of directors and shareholders and procure the service of a company secretary. No remuneration is paid by the Issuer to or in respect of any director or officer of the Issuer for acting as such.

On the Closing Date, the Issuer will deposit the proceeds of the Notes in the Transaction Account and use such proceeds to, *inter alia*, pay the Purchase Price payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date.

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 issues of the Notes and Certificates 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 a notification under the Data Protection (Charges and Information) Regulations 2018. The accounting reference date of the Issuer is 31 July. The first statutory financial statements of the Issuer will be prepared for the period ended 31 July 2023. No financial statements have been made up as at the date of this Prospectus.

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the Issuer Profit Ledger, the Credit Reserve Fund Ledger and the Liquidity Reserve Fund Ledger).

Directors

The directors of the Issuer and their respective business addresses and occupations are:

Name	Business Address	Business Occupation
Paivi, Helena Whitaker	1 Bartholomew Lane, London, EC2N 2AX	Director
Intertrust Directors 1 Limited	1 Bartholomew Lane, London, EC2N 2AX	Director
Intertrust Directors 2 Limited	1 Bartholomew Lane, London, EC2N 2AX	Director

The company secretary of the Issuer is Intertrust Corporate Services Limited, whose principal office is at 1 Bartholomew Lane, London, EC2N 2AX.

As at the date of this Prospectus, the Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees).

The Issuer has no employees.

HOLDINGS

Introduction

Holdings was incorporated in England and Wales on 8 July 2022 (registered number 14223101) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 1 Bartholomew Lane, London, EC2N 2AX. The issued share capital of Holdings comprises 1 ordinary share of GBP 1. Intertrust Corporate Services Limited (the Share Trustee) holds the entire legal and beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the legal and the beneficial interest in the issued share capital of the Issuer.

Neither the Seller nor any company connected with the Seller can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer.

Pursuant to the terms of its articles of association, Holdings is permitted, *inter alia*, to hold shares in the Issuer.

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.

Directors

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

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Paivi Helena Whitaker	1 Bartholomew Lane, London, EC2N 2AX	Director
Intertrust Directors 1 Limited	1 Bartholomew Lane, London, EC2N 2AX	Director
Intertrust Directors 2 Limited	1 Bartholomew Lane, London, EC2N 2AX	Director

The company secretary of Holdings is Intertrust Corporate Services Limited, whose principal office is at 1 Bartholomew Lane, London, EC2N 2AX.

The accounting reference date of Holdings is 31 July.

Holdings has no employees.

THE SELLER, THE LEGAL TITLE HOLDER, THE SERVICER AND THE SPONSOR

The Mortgage Business Public Limited Company (**TMB**) was incorporated under the laws of England and Wales in 1986 (registered in England number 01997277) and started trading in 1989. TMB's registered office is at Trinity Road, Halifax, HX1 2RG. TMB is authorised and regulated by the FCA. TMB is a wholly owned subsidiary of Bank of Scotland plc (and ultimately owned by Lloyds Banking Group plc through HBOS plc (**HBOS**) and Lloyds Bank plc).

THE RETENTION HOLDER AND THE SPONSOR ADMINISTRATOR

Lloyds Bank Corporate Markets plc (**LBCM**, the **Retention Holder** and **Sponsor Administrator**) is a public limited company registered in England and Wales under number 10399850. LBCM's registered head office 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.

LBCM is acting as Sponsor Administrator and Retention Holder. LBCM has been working on this transaction since 1 February 2022 and has been, or will be, as appropriate, involved in the establishment and management of the securitisation transaction described in this Prospectus. Establishment activities included reviewing and commenting on the Transaction Documents, including the Mortgage Sale Agreement pursuant to which the Seller will sell the Portfolio and provide the Loan Warranties in respect of the Mortgage Loans, the determination of cash-flow and collateral modelling, the determination of the capital structure to be implemented and determining the appropriate retention structure for the Transaction.

As described in the section entitled "*Summary of the Key Transaction Documents – Sponsor Administration Agreement*", LBCM intends to retain certain rights in respect of some aspects of the servicing of the Portfolio and will exercise such rights through its role as Sponsor Administrator. The Sponsor Administrator will be permitted to exercise these rights to perform certain ongoing functions as described in the Sponsor Administration Agreement. In respect of its rights under the Sponsor Administration Agreement, the Sponsor Administrator will owe no duty or have any liability to any other party. For the avoidance of doubt, the Sponsor Administrator shall have no liability for exercising or failing to exercise its rights under the Sponsor Administration Agreement and shall not be liable to monitor the Servicer or the provision of the Services or effect any remediation relating to the Services to be provided by the Servicer. The Seller will indemnify the Sponsor Administrator on demand against any loss, cost, expense or other liability which are incurred by the Sponsor Administrator in connection with the performance of its role or exercise of its rights as Sponsor Administrator under the Transaction Documents, save in the case where such loss, cost, expense or other liability is as a result of the Sponsor Administrator's fraud, gross negligence or wilful default.

**THE CASH MANAGER AND THE ISSUER ACCOUNT BANK AND COLLECTION
ACCOUNT BANK**

Bank of Scotland plc (**Bank of Scotland**) was incorporated under the laws of Scotland with limited liability on 17 September 2007 (registration number SC327000). Bank of Scotland's registered office is at The Mound, Edinburgh EH1 1YZ, Scotland. Bank of Scotland is authorised by the PRA and regulated by the FCA and the PRA. Bank of Scotland is a directly owned subsidiary of HBOS plc, which in turn is a directly owned subsidiary of Lloyds Bank plc.

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its registered office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Trustees Limited is a U.S. Bancorp group company that is dedicated to the provision of trustee and other fiduciary services in Europe as part of U.S. Bank Global Corporate Trust. Together with Elavon Financial Services DAC (the legal entity through which U.S. Bank Global Corporate Trust provides regulated banking services in Europe), U.S. Bank Global Corporate Trust Limited (the legal entity through which U.S. Bank Global Corporate Trust primarily provides agency services in Europe) and U.S. Bank National Association, (the legal entity through which the U.S. Bank Global Corporate Trust primarily conducts business in the United States), U.S. Bank Global Corporate Trust is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds; providing a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at www.usbank.com.

THE CORPORATE SERVICES PROVIDER AND BACK-UP SERVICING FACILITATOR

Intertrust Management Limited (registered number 03853947), having its principal address at 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement.

Intertrust Management Limited has served and is currently serving as corporate services provider for securitisation transactions and programmes involving pools of mortgage loans.

THE LOANS

The following is a description of some of the characteristics of the Loans and, the Seller's Lending Criteria as at 22 August 2008, being the last date on which the Seller accepted loan applications. We believe the Loans have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the securities.

Unless otherwise indicated, the description that follows relates to types of mortgage loans that could be sold to the Issuer as part of the Portfolio as at the Closing Date. For information as to how the Seller selected the Portfolio, see the section entitled "*Characteristics of the Provisional Portfolio*". For information relating to the servicing of the Mortgage Loans comprising the Mortgage Portfolio, see the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*".

Characteristics of the Mortgage Loans

The Provisional Portfolio as at the Reference Date comprised 21,449 Mortgage Accounts (as defined below) drawn solely from the mortgage book of the Seller (being all sterling-denominated mortgage loans originated by the Seller in respect of properties in the United Kingdom to Borrowers resident in the United Kingdom at the time of origination and their related security administered on the UFSS System (defined below) as at the date of this Prospectus and having an aggregate outstanding principal balance of £2,829,426,561.18 as at that date). The Loans in the Provisional Portfolio were originated by the Seller between 19 December 1988 and 20 October 2009. Of the Loans in the Provisional Portfolio, 47.24 per cent. by value are Self-Certification Loans (see "*Status of Applicant(s)*" below), 51.59 per cent. by value are buy-to-let loans (the **Buy-to-Let Loans**), described further below and 48.41 per cent. by value are owner-occupied loans (the **Owner-Occupied Loans**). Of the Loans in the Portfolio, 14.79 per cent. by value are Flexible Loans, described further below.

Each Loan may incorporate one or more of the features referred to in this section (each such Loan or collection of Loans secured on a single Property, a **Mortgage Account**).

Each Loan is secured by a first legal charge or first legal mortgage over a residential property in England, Wales or Northern Ireland or a first ranking standard security over a residential property in Scotland (collectively the **Properties** and individually a **Property**), subject only in certain appropriate cases to applications for registrations at the Land Registry or Registers of Scotland which where required have been made or are pending and, in relation to which, the Seller is not aware of any notice or any other matter that would prevent such registration.

The term **English Loan** when used in this Prospectus means a Loan secured by an English Mortgage (as defined below). The term **Scottish Loan** when used in this Prospectus means a Loan secured by a Scottish Mortgage (as defined below). The term **Northern Irish Loan** when used in this Prospectus means a Loan secured by a Northern Irish Mortgage (as defined below).

The English Loans are governed by the laws of England and Wales. The Scottish Loans are governed by Scots law. The Northern Irish Loans are governed by the laws of Northern Ireland.

All references in this section to "by value" of the Loans means the percentage of the aggregate current balance of the Provisional Portfolio as at the Reference Date.

English Mortgage means a Mortgage secured over Property in England.

Northern Irish Mortgage means a Mortgage secured over Property in Northern Ireland.

Scottish Mortgage means a first ranking standard security over a Property located in Scotland.

Origination Channels

At the time of origination, the Seller derived its mortgage-lending business in respect of the Portfolio primarily through intermediaries with a small volume through direct channels.

During the time of origination of the Provisional Portfolio, the Seller was subject to FSMA (and other FSA rules), MCOB and the Financial Ombudsman Service, which is a statutory scheme under FSMA.

Mortgage Administration Systems

In 2013, the majority of Mortgage Accounts were migrated to the Seller's Unisys Financial Services System (UFSS) and the remaining Mortgage Accounts were migrated to UFSS in 2017. The mortgage loan book of the Seller (the **TMB Mortgage Book**) comprises Mortgage Accounts originated by the Seller now on the UFSS and which carry the system flag TMB. All such Mortgage Accounts are eligible for sale into the Portfolio.

Interest Payments and Interest Rate Setting

The Provisional Portfolio comprises the following types of Loans:

- (a) tracker rate loans (the **Tracker Rate Loans**), which are set at a fixed margin above or below rates set by the Bank of England;
- (b) fixed rate loans (the **Fixed Rate Loans**), which are subject to a fixed rate of interest; and
- (c) variable rate loans (the **Variable Rate Loans**), which are subject to a discretionary rate, administered by the Seller (the **Standard Variable Rate**) or a rate set at a fixed margin above or below the Standard Variable Rate.

The rate of interest on the Fixed Rate Loans, certain Tracker Rate Loans and certain Variable Rate Loans is offered for a predetermined period (the **Product Period**). The Product Period for certain Tracker Rate Loans and Variable Rate Loans is linked to the duration of the relevant Mortgage Loan. At the end of the predetermined 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 the Standard Variable Rate or a fixed margin above or below rates set by the Bank of England for the remainder of the term. In certain instances, early repayment fees are payable by the Borrower if the loan is redeemed within the product period.

Interest is calculated on a daily basis rather than on an annual basis. Any payment by the Borrower will reduce the Borrower's balance on which interest will be calculated the following day.

The Seller may change the interest rate under a Variable Rate Loan by altering the Standard Variable Rate as would be acceptable to a Reasonable Prudent Mortgage Lender and by giving the Borrowers notice, on any part of the loan, unless otherwise agreed in the loan agreement and subject to certain restrictions set forth in the loan agreement. The Seller may also change the Borrowers' monthly payments and the accounting period by giving the Borrowers notice. In the case of Tracker Rate Loans, Fixed Rate Loans or Variable Rate Loans, the terms of the special rate (applicable during the Product Period) may expire under certain circumstances specified in the Loan Agreement. When setting the Standard Variable Rate, the considerations of the Servicer include, amongst other things, the interest payable under the Notes, the terms of the relevant Mortgage Conditions, the standards of a Reasonable Prudent Mortgage Lender and the Applicable Law.

The terms and conditions of the Loans (the **Mortgage Conditions**) applicable to all of the Variable Rate Loans linked to the Standard Variable Rate of the Seller provide that the Standard Variable Rate

may only be varied in accordance with a number of reasons that are specified in the Mortgage Conditions. These reasons include:

- (a) to reflect changes in the cost to the Seller of raising the money which the Seller has lent to its customers with mortgages;
- (b) to reflect any change in the law or codes of practice or a decision or recommendation by or requirement of a court, ombudsman, regulator or similar body or an undertaking given to the Financial Services Authority;
- (c) to reflect changes in the way the Seller administers the mortgage account or its mortgage accounts generally (including changes to the technology used by the Seller) because of (i) the steps which the Seller has taken to modernise or improve its systems for managing those accounts or (ii) reasons outside of the Seller's control;
- (d) to reflect changes to the accounting period;
- (e) to regularise the way that all customers are treated following an acquisition, merger or takeover of or by another bank or organisation offering similar services;
- (f) to reflect changes to the way that the property over which the mortgage is granted is used or occupied; or
- (g) for any other valid reason.

As at the date of this Prospectus, the Standard Variable Rate has been varied by the Seller in accordance with paragraphs (a) and (b) above.

Repayment Terms

Each Loan in the Provisional Portfolio is repayable on one of the following bases:

- repayment: 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 (**Repayment Loans**);
- interest-only: the Borrower makes monthly payments of interest but not of principal so that, when the Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum (**Interest-Only Loans**); or
- 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 was required, at the time of application, to declare the general type of repayment mechanism (such as an investment plan) which is intended to provide sufficient funds to repay the principal at the end of the term. However, at the time of origination the Seller did not request specific details of the arrangements put in place by the Borrower, nor did it take security over these repayment mechanisms.

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 repayment fees (as described in "*Early Repayment of the Loans*" below). A prepayment of the entire outstanding balance of all Loans under a Mortgage Account 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).

Payment Methods

All payments on the loans must be made in sterling and are made by a direct debit (**DDR**) instruction through the UK direct debit system from another bank or building society account unless the Seller has agreed an alternative payment method with the Borrower.

Product Range

The Provisional Portfolio will consist of Loans categorised by the Seller as Owner-Occupied Loans (being loans that at origination were not categorised by the Seller as Buy-to-Let Loans) and Buy-to-Let Loans (being loans, backed by first ranking security, for the purchase or re-mortgage of property for letting purposes), including self-certification loans (being Owner-Occupied Loans or Buy-to-Let Loans where Borrowers certify their own annual income) (see "*Status of Applicant(s)*" below).

If the Borrower requests to port its Loan, meaning that the Borrower requests to retain the terms of the mortgage when the Borrower moves home, there is no obligation to agree to such request and instead the Servicer may liaise with the Borrower to suggest that the Borrower seek an alternative mortgage from another company within Lloyds Banking Group, in which case, the Borrower's existing Loan in the Mortgage Portfolio will be redeemed in full. No new Loan will be sold by the Seller to the Issuer and form part of the Portfolio.

Early Repayment of the Loans and Early Repayment Charge on Fixed Rate Loans

Principal prepayments may be made in whole or in part at any time during the term of a Loan unless the offer letter states otherwise. A prepayment of the whole of the outstanding balance of a Loan under a Mortgage Account discharges the Mortgage in question but must be made together with all outstanding charges, arrears of interest and accrued interest thereon.

Currently, any lump sum capital prepayment made in respect of a Mortgage Account is credited after repayment of any outstanding charges, arrears and accrued interest thereon to reduce the outstanding balance of the relevant Mortgage Account. Unless otherwise specified in the Mortgage Conditions, Borrowers are encouraged to make lump sum prepayments in a minimum amount of £1,000 but partial prepayments will be processed by the Seller regardless of amount. Once a lump sum capital prepayment is made, a new monthly interest payment/repayment will be calculated based on the reduced outstanding balance.

On Fixed Rate Loans, Early Repayment Charges will be charged to a Borrower making a lump sum repayment. Such charges may, at the discretion of the Seller, be waived if the repayment follows the death of the Borrower. In addition, under the Seller's current policy, in each calendar year, a Borrower may repay up to 10% of the amount outstanding on a Fixed Rate Loan without having to pay an Early Repayment Charge. The total of any previous part repayments made during the 12-month rolling period, including the proposed part repayment, cannot exceed 10% of the amount outstanding on the special rate part of the relevant Fixed Rate Loan at the start of the 12-month rolling period.

Early Repayment Charges are not currently charged on Tracker Rate Loans or Variable Rate Loans.

Further Advances

None of the Loans obliges the Seller to make further advances. If the Borrower requests a Further Advance this will not be agreed to by the Servicer and instead the Servicer may suggest that the Borrower seek an alternative mortgage from another company within Lloyds Banking Group and in

which case, the Borrower's existing Loan in the Mortgage Portfolio will be redeemed in full. No Loan will be sold to the Issuer and form part of the Portfolio – see the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*".

Flexible Loans

Flexible 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 made under the Loan as well as access to a flexible reserve which can be drawn down under the Loan. These Flexible Loans are Tracker Rate Loans and offer all of the optional features described below, subject to certain conditions and financial limits. The flexible option provisions are contained in the mortgage offer.

Flexible Loans include the following options, all subject to the further conditions described below and other offer specific conditions. Flexible features can be withdrawn under certain circumstances outlined in the relevant terms and conditions.

- *Overpayments.* Borrowers may, subject to providing the Seller with 14 days' prior notification, either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time.
- *Drawdown facility.* Borrowers may access a drawdown facility in an amount agreed with the Seller, provided there is sufficient equity in addition to the amount to be drawn under the drawdown facility and subject to a maximum of 12 advances per year. The drawdown facility is valid for the term of the mortgage and, subject to the credit limit available to a Borrower and sums repaid under a drawdown facility, can be redrawn by the Borrower. Drawdown requests may be made without notice by calling the Seller's lending call centre and funds will be paid by the Bankers' Automated Clearing Services direct credit to the relevant Borrower's account from which such Borrower makes their mortgage repayments. A drawdown request may be declined if any payment has been missed in the previous 6 months (other than approved underpayments or payment holidays). The drawdown facility is not available on further advance applications.
- *Underpayments.* Borrowers may, subject to agreement with the Legal Title Holder, and provided the Loan is not In Arrears and the Borrower has sufficient available equity to cover underpayments including access to a flexible drawdown facility and providing the Seller with 14 days' prior notification, make underpayments provided that at least six full monthly payments will be made within a 12-month rolling period.
- *Payment holidays.* Borrowers may, subject to agreement with the Legal Title Holder and providing the Seller with 5 days' prior notification, skip up to six monthly payments in any 12 month rolling period provided that the Borrower's account has been conducted satisfactorily, there have been no arrears in the previous three months and at least six full monthly payments will be made within a 12-month rolling period.

In addition to the above restrictions, the Seller has the right to withdraw all or any part of the drawdown facility where (a) an event of default (as set out in the applicable terms and conditions) occurs or (b) the Borrower's income falls to a material extent such that the Seller believes that the Borrower will be unable to maintain monthly repayments or (c) the Borrower is declared bankrupt or enters in to an arrangement with creditors or (d) the Borrower creates any subsequent charges over the mortgaged property or (e) the Borrower dies or, if more than one, all parties to the account die or (f) any party to the account requests that the facility be cancelled or (g) the Borrower leaves the property or sells or transfers an interest in the property. If the credit limit is withdrawn, the underpayment, payment holiday and/or drawdown facility options will cease to be available and any unused part of the credit limit will not be able to be utilised.

Retention Loans

The Seller is solely responsible for funding all future drawings in respect of any Retention Loans.

Retention means an amount of the original advance or a further advance that is retained by the Seller until certain conditions (such as a requirement to complete repairs or construction) are completed, and which the Seller is obliged to release to the Borrower provided such conditions have been met.

Retention Drawing means a drawdown in full or in part by the Borrower under a Retention Loan.

Retention Loan means a Loan subject to a Retention.

Overpayment and Payment Holidays for Loans which are not Flexible Loans

- *Payment holidays.* Borrowers may, subject to agreement with the Legal Title Holder, skip up to 6 monthly payments over the lifetime of their mortgage. One payment holiday is permitted every three years with a maximum of two months per instance.
- *Overpayments.* Borrowers have the option to make overpayments either by a lump sum or via regular payments. These payments could be subject to Early Repayment Charges, see section entitled "*Early Repayment of the Loans*" above.

Lending Criteria

The Loans were originated according to the Seller's lending policy at the relevant time. The lending criteria as at 22 August 2008, being the last date on which the Seller took loan applications, are set out below. The Seller's Lending Criteria and underwriting policies were subject to change, including making any exceptions to the Lending Criteria on a case by case basis, within the Seller's sole discretion.

Tenure of Property

Properties may be either freehold or leasehold or (in Scotland) heritable or long leasehold. In the case of leasehold properties, the requirement is that the lease must normally be of such length to ensure that at least 30 years of the lease remain after the term of the Loan expires, with the exception of leases held by certain limited leaseholders for which this requirement is 10 years (or 70 years where the property is in Scotland and held under a long lease).

Valuations

All Properties have been valued by a valuer appointed or otherwise approved by the Seller. No revaluation of the properties has been conducted for the purposes of the issue of the Notes and the valuations quoted are at the date of the original initial mortgage loan origination. For these purposes original initial mortgage loan origination includes, where relevant, new mortgage loan origination in the form of another advance.

Term of Loan

The maximum term was 40 years as of the date of origination or point of variation of the relevant Loan.

Age of Applicant

At the time of origination, all Borrowers were required to be aged 18 or older.

The maximum age limit at the end of the mortgage term was 70 years or 75 years in the case of certain self-financing Buy-to-Let Loans). On an exceptional basis (in the case of mainstream loans only), at the

time of origination the Seller had the discretion to extend the maximum age limit at the end of the mortgage term on a case by case basis as would be acceptable to a Reasonable Prudent Mortgage Lender. The Seller attempted to ascertain the Borrower's anticipated income in retirement. If the Seller determined that the Borrower would not be able to afford the mortgage into retirement, the application was declined. If the Borrower was already retired, the Seller considered the Borrower's ability to support the Loan.

Loan Amount

The minimum amount that could be borrowed under a loan was £25,005 and the maximum amount was £5 million (£1 million in the case of Buy-to-Let Loans and Self-Certification Loans).

Security

Security for each Loan consists of a first mortgage or first legal charge (or, in Scotland, a first ranking standard security) on freehold properties in England, Wales and Northern Ireland, heritable properties in Scotland, leasehold properties in England, Wales and Northern Ireland with, as at the application date, at least 30 years remaining on the lease after the term of the Loan and long-leasehold properties in Scotland with at least 30 years remaining on the lease at the time of application.

Loan-to-Value Ratio

The maximum original loan-to-value ratio (**LTV Ratio**) of Loans was 95 per cent. (85 per cent. in the case of Buy-to-Let Loans and 80 per cent. in the case of self-certification loans), subject to maximum advance and chosen product.

Higher Lending Charge

The Seller does not maintain a domestic mortgage indemnity insurance policy for the Loans. Instead, where the LTV Ratio exceeded a certain product specific limit, the Seller levied a higher lending charge on the Borrower, calculated on the amount by which the LTV Ratio exceeded the limit which was added to the principal amount outstanding of the relevant Loan on origination.

Status of Applicant(s)

The maximum amount of the aggregate Loan(s) (other than Buy-to-Let Loans) under a Mortgage Account at the time of origination was determined by the application of an affordability model. This model delivered an individualised result which reflected the applicant's net income, existing credit commitments and burden of family expenditure. The model also calculated the full debt servicing cost at a stressed rate of interest before comparing this cost to the net disposable income that the applicant had available at the relevant time. Credit scoring (as described below) also influenced the decision of how much to lend using the principle that high credit scores inferred a proven ability to manage financial affairs. The Seller maintained rules on the amount of overtime, bonus or commission income (whether regular or non-guaranteed) that it allowed into the model and as a general rule allowed no more than 60 per cent. of these types of income unless they were guaranteed, in which case 100 per cent. would be allowed (for Self-Certification Loans, 100 per cent. was always allowed). Certain benefit payments were allowed (including tax credits) as these quite often compensated for the taxation and National Insurance deductions that normally caused lower levels of income to fall below minimum wage levels. The model returned "answers" of zero up to amounts that equated to over five times income. Regardless, the Seller maintained a general policy rule that it would not lend more than an amount equal to five times income.

Where there were two applicants, the Seller added joint incomes together for the purpose of calculating the applicants' total income. Where there were more than two applicants, the Seller only took into account the two highest incomes when assessing affordability.

At the time of origination, employed applicants were expected to have been employed for a minimum of six months in their current role and to have had continuous employment for the last 12 months with no more than two employers in the last 12 months. Self-employed applicants were expected to have been self-employed for a minimum of two years or for a minimum of one year for self-certified applicants.

The Seller had the ability to exercise discretion within its Lending Criteria in applying those factors that were used to determine the maximum amount of the Loan(s). Accordingly, these parameters varied for some loans. The Seller could take the following into account when exercising discretion: credit score result, existing customer relationship, percentage of LTV Ratio, stability of employment and career progression, availability of living allowances and/or mortgage subsidy from the employer, employer's standing, regularity of overtime, bonus or commission, credit commitments, quality of security (such as type of property, repairs, location or saleability) and the increase in income needed to support the Loan.

All local authority and housing association tenants were required to provide rent payment history for 12 months prior to origination. The conduct of an existing mortgage holder was confirmed by a credit search or to mortgage statements. If the Seller felt it was necessary to support its lending decision, first-time buyers were required to provide bank statements. In the case of mainstream mortgages, an employed applicant was required to provide their then latest payslip or the last three months' payslips if their income varied due to, for example, overtime, commission and bonuses. A self-employed applicant for a mainstream loan was required to provide the last two years' audited accounts and confirmation of the last three years' income from a qualified accountant or HM Revenue & Customs self-assessment forms in lieu of accounts. In addition, the Seller reserved the right to request a form P60 or, subject to the applicant's written authority, verify income/employment with HM Revenue & Customs.

In cases where the original LTV Ratio was up to 75 per cent., the Seller may have, taking into account the results of credit scoring, exercised its discretion and no verification (other than random verification in respect of five per cent. of the Loans) would have been carried out on the Borrower's ability to pay.

Certain Borrowers were able to exercise the "self-certification" option in respect of their loan in cases where the original LTV Ratio was less than or equal to 80 per cent. for loans up to £800,000 or less than or equal to 75 per cent. for loans up to £1,000,000 (**Self-Certification Loans**) pursuant to which they certified their own annual income figure on the application form and the Seller did not normally request proof of income. This was particularly useful for persons such as the self-employed or company directors for whom such a figure would have been difficult to determine. In the case of a "self-certification" applicant who was employed, the Seller may have telephoned the stated employer for confirmation that the applicant was indeed employed within the stated organisation. In addition, the Seller reserved the right to carry out such checks and to request evidence necessary to satisfy itself as to the Borrower's ability to pay.

All self-certification Borrowers were alerted to the following criteria when they received their offer:

- the offer was made based upon the declared income on the application form;
- the Seller retained the right to withdraw the offer if any of the declared details relating to income, employment or any other information were found to be incorrect, misleading or untrue or if the Seller believed them likely to be incorrect, misleading or untrue; and

- making a false, misleading or inaccurate declaration is a criminal offence and may lead to prosecution of the applicant and/or the financial adviser, resulting in a fine and/or imprisonment and the applicant and/or his or her financial adviser may also face civil action for recovery of any losses that the Seller may have incurred.

Buy-to-Let Loans – annual rental income/annual income

Prior to July 2008, multi Buy-to-let Loans were offered on the basis of an expected annual rental income equating to a certain percentage, which could not be less than 125 per cent. (the interest cover percentage) of the annual (interest only) mortgage payment calculated using the Bank of England base rate + 0.5 per cent. (or, for selected products, the actual product rate, the gross personal income or the annual income). From 16 July 2008 Buy-to-let Loans were offered on the basis of earned income of the applicant (or, for selected products, self-certified income).

All lettings must have been on assured shorthold tenancies (or, in Scotland, short assured tenancies) or to a company on a corporate let and certain types of properties were not considered. Buy-to-let loans were available to UK residents only. If the applicant was a first time buyer, then the maximum loan size was based on earned income.

Credit Search

Credit searches were carried out in respect of all applicants' residential addresses for the three years prior to the date of application. Applications were declined where an adverse credit history (e.g. county court judgment, Scottish court decree for payment, default, bankruptcy notice or sequestration) was revealed which fell outside the criteria for customers. At the time of origination, the Seller did offer loans to customers with an adverse credit history but these loans will not be eligible for the pool.

Credit Scoring

The Seller used some of the criteria described here and various other criteria to produce an overall score for the application that reflected a statistical analysis of the risk of advancing the loan. The lending policies and processes were determined centrally to ensure consistency in the management and monitoring of credit risk exposure. Full use was made of software technology in credit scoring new applications. Credit scoring applied statistical analysis to publicly available data and customer-provided data to assess the likelihood of an account going into arrears.

The Seller reserved the right to decline an application that received a passing score. The Seller had an appeals process if a potential borrower believed his or her application had been unfairly denied. It was the Seller's policy to allow only authorised individuals to exercise discretion in granting variances from the credit score decision.

Buildings Insurance

It is the Borrower's responsibility to ensure that comprehensive insurance cover under normal terms (including subsidence and flooding cover) with a reputable insurance company is in place throughout the term of their mortgage to cover the full rebuilding cost of the property, together with professional fees, on a new-for-old basis. The sum insured must be index-linked and the interest of the Seller must be noted on the policy.

In the case of most leasehold properties, the insurance will be effected by the landlord in accordance with the terms of the relevant lease.

When a mortgaged property is taken into possession by the Seller, individual policies will be taken out with Halifax General Insurance Services Limited to ensure that the appropriate insurance cover is

provided on the property. The Seller may claim under such policy for any damage occurring to the property while in the Seller's possession.

Arrears and default procedures

Delinquency and default of debtors, losses, charge offs, recoveries and other asset performance remedies are defined in accordance with the Servicer's servicing policies and procedures.

In general, the Servicer attempts to collect all payments due under or in connection with the Loans, having regard to the circumstances of the Borrower in each case in accordance with its Arrears Policy and Arrears Procedures. The Servicer adheres to the Ministry of Justice's Pre-Action Protocol for Possession Claims (in England and Wales) and will work constructively with the Borrower to agree a course of action. Collections and recovery interventions will be commensurate with the rate of deterioration and the Borrower's willingness to address the arrears as well as risk of default. Only as a last resort where all reasonable efforts have been applied in reaching an agreement with the Borrower over the method of repaying the arrears is legal action considered. The Servicer uses an automated collections system to collect and/or negotiate with the Borrower through letter/telephone contact.

The Servicer's system tracks arrears and advances and calculates when an amount is in arrears. When arrears are first reported and are equal to or greater than £1 overdue (based on due date), the Borrower is contacted and asked for payment of the arrears. Where arrears are equal to or greater than £50 an automated process exists in which the Borrower is contacted through a series of letters and/or phone contacts with specific manual intervention at a certain stage commensurate with risk. Where manual intervention is required, the next appropriate course of action is determined. Where no contact has been made or no agreement has been reached, this could result in telephone contact via a dialer and/or the use of an external agent in an attempt to reach a solution with the Borrower. Those responsible for settling arrears are trained in all collection and negotiation techniques.

Where considered appropriate, the Servicer may vary the terms of the Loan, in order to assist the Borrower in financial difficulties with the primary aim being to rehabilitate the Borrower and recover the situation. Such variations include:

- (a) extensions to the term of the Loan; and
- (b) capitalisation, which re-sets the arrears balance to zero, with the customer repaying the arrears over the remaining term.

Also, where considered appropriate, the Servicer may enter into arrangements with the Borrower regarding the arrears, including:

- (a) arrangements to make each monthly payment as it falls due plus an additional amount to pay the arrears over a period of time;
- (b) arrangements to make each monthly payment as it falls due;
- (c) arrangements to pay only a portion of each monthly payment as it falls due; and
- (d) a deferment for an agreed period of time of all payments, including interest and principal or parts of any of them.

Any arrangements may be varied from time to time at the discretion of the Servicer, the primary aim being, again, to rehabilitate the Borrower and recover the situation.

For residential and Buy-to-Let Loans, legal proceedings will not commence until 3 or more missed payments are missed with the decision to progress, depending upon the level of risk of loss that the Loan represents and the level of customer interactions through the collections process.

Once legal proceedings have commenced, the Servicer or the Servicer's solicitor may send further letters to the Borrower encouraging the Borrower to enter into discussions to pay the arrears and may still enter into an arrangement with a Borrower at any time prior to a court hearing. If a court order is made for payment and the Borrower subsequently defaults in making the payment, then the Servicer may take action as it considers appropriate, including entering into a further arrangement with the Borrower. If the Servicer applies to the court for an order for possession, the court has discretion as to whether it will grant the order.

After possession, the Servicer may take action as it considers appropriate, including to:

- (a) secure, maintain or protect the property and put it into a suitable condition for sale;
- (b) create (other than in Scotland) any estate or interest on the property, including a leasehold; and
- (c) dispose of the property (in whole or in part) or of any interest in the property, by auction, private sale or otherwise, for a price it considers is the best price reasonably obtainable.

The Servicer has discretion as to the timing of any of these actions, including whether to postpone the action for any period of time. The Servicer may also carry out works on the property as it considers appropriate to maintain the market value of the property.

The Servicer has discretion to deviate from these procedures. In particular, the Servicer may deviate from these procedures where a Borrower suffers from a mental or physical infirmity, is deceased or where the Borrower is otherwise prevented from making payment due to causes beyond the Borrower's control. This is the case for both sole and joint Borrowers.

It should also be noted that the lender's ability to exercise its power of sale in respect of the property is dependent upon mandatory legal restrictions as to notice requirements. In addition, there may be factors outside the control of the lender, such as whether the Borrower contests the sale and the market conditions at the time of sale, that may affect the length of time between the decision of the lender to exercise its power of sale and final completion of the sale.

The net proceeds of sale of the property are applied against the sums owed by the Borrower to the extent necessary to discharge the mortgage including any accumulated fees, expenses of the Servicer and interest. Where the funds arising from application of these default procedures are insufficient to pay all amounts owing in respect of a Loan, the funds are applied first in paying interest and costs and second in paying principal. The Servicer may then institute recovery proceedings against the Borrower. If after the sale of the property and redemption of the mortgage there are remaining funds, those funds will be distributed by the acting solicitor to the next entitled parties.

In some instances, the Servicer may decide to appoint a Law of Property Act (**LPA**) Receiver to protect its interest in the Property under its powers under the Law of Property Act 1925 or the Mortgage. The LPA Receiver will act as an agent of the Borrower and the Seller will not influence the actions of the LPA Receiver.

These arrears and security enforcement procedures may change over time as a result of a change in the Servicer's business practices or legislative and regulatory changes.

Vulnerable Customers

The Servicer follows the FCA Guidance for firms on the fair treatment of vulnerable customers.

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this Prospectus has been compiled by reference to the Loans in the Portfolio as at the Reference Date (the **Provisional Portfolio**). Columns may not add up to the total due to rounding. A Loan will be removed from the Portfolio 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 terms of the Mortgage Sale Agreement 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.

Summary table of the Provisional Portfolio as at the Reference Date

Reference Date:	30 September 2022
Current Balance (£):	2,829,426,561.18
No. of Mortgage Accounts:	21,449
No. of Loans:	62,748
Average Current Balance of account (£):	131,914.15
First legal mortgage / first ranking standard security %:	100%
Weighted average Original Loan to Value Ratio %:	78.88%
Weighted average Current Loan to Value Ratio %:	49.03%
Weighted average interest rate %:	4.65%
Weighted average seasoning (years):	16.25
Weighted average remaining term of Loans not past maturity (years):	7.08
Self-certified Loans which are not Buy-to-Let Loans (as % of Current Balance):	42.41%
Self-certified Loans which are Buy-to-Let Loans (as % of Current Balance):	4.82%
Flexible Loans (as % of Current Balance):	14.79%
Interest-Only Loans (as % of Current Balance):	91.25%
Buy-to-Let Loans (as % of Current Balance):	51.59%
Loans where arrears have been capitalised*:	9.43%
Remortgages (as % of Current Balance):	19.16%
Mortgage Accounts with payment method Direct Debit:	75.73%
Mortgage Accounts >=1 Months In Arrears (as % of Current Balance):	12.60%
Mortgage Accounts >=3 Months In Arrears (as % of Current Balance):	8.46%
Mortgage Accounts >=6 Months In Arrears (as % of Current Balance):	6.74%
Mortgage Accounts >=9 Months In Arrears (as % of Current Balance):	6.03%
Mortgage Accounts >=12 Months In Arrears (as % of Current Balance):	5.31%
Mortgage Accounts with Property In possession (as % of Current Balance):	0.32%

* Calculated as at 31 October 2022.

Outstanding Balances as at the Reference Date

The following table shows the range of outstanding Mortgage Account balances (including capitalised interest, insurance fees, booking fees and valuation fees) as at the Reference Date.

Range of Current Balances as at the Reference Date*	Aggregate Current Balance as at the Reference Date (£)	% of total	Number of mortgage accounts	% of total
£0 - <£25,000	22,162,425.64	0.78	1,781	8.30
£25,000 – <£50,000	73,854,650.69	2.61	1,954	9.11
£50,000 - <£75000	162,404,951.66	5.74	2,563	11.95

£75,000 - <£100,000	263,910,956.37	9.33	3,003	14.00
£100,000 - <£125,000	358,936,079.40	12.69	3,204	14.94
£125,000 - <£150,000	356,167,686.30	12.59	2,606	12.15
£150,000 - <£175,000	297,620,133.33	10.52	1,845	8.60
£175,000 - <£200,000	227,838,104.66	8.05	1,220	5.69
£200,000 - <£225,000	186,367,697.74	6.59	882	4.11
£225,000 - <£250,000	125,368,429.34	4.43	530	2.47
£250,000 - <£275,000	106,745,086.76	3.77	409	1.91
£275,000 - <£300,000	80,843,995.79	2.86	282	1.31
£300,000 - <£350,000	114,187,425.87	4.04	357	1.66
£350,000 - <£400,000	78,223,934.18	2.76	210	0.98
£400,000 - <£450,000	50,618,903.30	1.79	120	0.56
£450,000 - <£500,000	53,343,606.45	1.89	112	0.52
£500,000 - <£600,000	80,576,779.10	2.85	150	0.70
£600,000 - <£800,000	84,326,259.52	2.98	124	0.58
£800,000 - <£1,000,000	40,128,756.38	1.42	46	0.21
£1,000,000 - <£2,000,000	63,687,800.92	2.25	50	0.23
>=£2,000,000	2,112,897.78	0.07	1	0.00
Total	2,829,426,561.18	100.00	21,449	100.00

* Including capitalised interest, insurance fees, booking fees and valuation fees.

The largest Mortgage Account (including capitalised interest, insurance fees, booking fees and valuation fees) had an outstanding current balance as at the Reference Date of £2,112,897.78 and the smallest Mortgage Account had an outstanding current balance as at the Reference Date of £0.16. The average current balance (including capitalised interest, insurance fees, booking fees and valuation fees) as at the Reference Date was £131,914.15.

LTV Ratios at Origination

The following table shows the range of LTV Ratios, which express the outstanding Current Balance of the aggregate of loans in a mortgage account (excluding capitalised interest, insurance fees, booking fees and valuation fees) as at the date of the initial loan origination divided by the value of the property securing the loans in that mortgage account, held in the Seller's systems, at the same date. There has been no revaluation of the mortgaged properties for the purpose of the issuance of the Notes and Certificates.

Range of LTV Ratios at origination*	Aggregate Current Balance as at the Reference Date (£)	% of total	Number of mortgage accounts	% of total
0% - <=25%	8,615,393.12	0.30	127	0.59
>25% - <=50%	88,673,658.07	3.13	986	4.60
>50% - <=75%	649,811,291.07	22.97	4,966	23.15
>75% - <=80%	415,640,210.68	14.69	2,794	13.03
>80% - <=85%	1,436,811,733.91	50.78	10,823	50.46
>85% - <=90%	207,338,661.48	7.33	1,499	6.99
>90% - <=95%	18,330,723.06	0.65	210	0.98
>95%	4,204,889.79	0.15	44	0.21
Total	2,829,426,561.18	100.00	21,449	100.00

* Excluding capitalised interest, insurance fees, booking fees and valuation fees.

The weighted average LTV Ratio of the Mortgage Accounts (excluding any capitalised interest, insurance fees, booking fees and valuation fees) at origination was 78.88 per cent. The highest LTV

Ratio of any Mortgage Account (excluding any capitalised interest, insurance fees, booking fees and valuation fees) at origination was 100.00 per cent. and the lowest was 5.45 per cent.

Reference Date LTV Ratios

The following table shows the range of LTV Ratios, which express the outstanding balance of the aggregate of Loans in a Mortgage Account (including capitalised interest, insurance fees, booking fees and valuation fees) as at the Reference Date divided by the indexed valuation of the property securing the Loans in that Mortgage Account at the same date.

Range of LTV Ratios as at the Reference Date*	Aggregate Current Balances at the Reference Date (£)	% of total	Number of mortgage accounts	% of total
0% – <=25%	210,155,154.61	7.43	4,409	20.56
>25% – <=50%	1,344,154,070.52	47.51	8,530	39.77
>50% – <=55%	399,119,442.80	14.11	2,620	12.22
>55% – <=60%	353,918,592.43	12.51	2,475	11.54
>60% – <=65%	193,435,904.99	6.84	1,400	6.53
>65% – <=70%	96,312,376.23	3.40	676	3.15
>70% – <=75%	56,819,814.18	2.01	380	1.77
>75% – <=80%	32,727,519.33	1.16	212	0.99
>80% – <=85%	24,176,422.71	0.85	134	0.62
>85% – <=90%	22,275,571.36	0.79	126	0.59
>90% – <=95%	22,544,934.89	0.80	130	0.61
>95%	73,786,757.13	2.61	357	1.66
Total	2,829,426,561.18	100.00	21,449	100.00

* Including capitalised interest, insurance fees, booking fees and valuation fees.

The weighted average LTV Ratio of the Mortgage Accounts (including any capitalised interest, insurance fees, booking fees and valuation fees) as at the Reference Date was 49.03 per cent. The highest LTV Ratio of any Mortgage Account (including any capitalised interest, insurance fees, booking fees and valuation fees) was 226.75 per cent. and the lowest was 0.00 per cent.

Geographical Distribution

The following table shows the distribution of properties securing the Loans throughout England, Wales, Northern Ireland and Scotland as at the Reference Date. No such properties are situated outside England, Wales, Northern Ireland or Scotland. The Seller's Lending Criteria and credit scoring tests at the time of origination did not take into account the geographical location of the property securing a Loan.

Regions	Aggregate Current Balances at the Reference Date (£)	% of total	Number of mortgage accounts	% of total
East Midlands	162,806,823.31	5.75	1,410	6.57
East of England	202,037,531.48	7.14	1,352	6.30
London	516,539,435.67	18.26	2,865	13.36
North East	85,562,853.33	3.02	784	3.66
North West	355,514,227.14	12.56	3,164	14.75
Northern Ireland	216,326,386.89	7.65	1,674	7.80
Scotland	115,890,541.78	4.10	968	4.51
South East	313,310,756.22	11.07	1,905	8.88
South West	299,815,182.04	10.60	2,065	9.63
Wales	158,647,227.96	5.61	1,376	6.42

West Midlands	202,197,877.25	7.15	1,888	8.80
Yorkshire and The Humber	200,777,718.11	7.10	1,998	9.32
Total	2,829,426,561.18	100.00	21,449	100.00

Property Type

The following table shows the types of properties to which the Mortgage Accounts relate.

Property Type	Aggregate Current Balances at the Reference Date (£)	% of total	Number of mortgage accounts	% of total
Detached house / bungalow	858,280,076.71	30.33	4,033	18.80
Flat or maisonette.....	666,995,955.68	23.57	5,469	25.50
Semi-detached house / bungalow	576,392,284.64	20.37	4,896	22.83
Terraced house	705,812,801.71	24.95	6,840	31.89
Unknown*	21,945,442.44	0.78	211	0.98
Total	2,829,426,561.18	100.00	21,449	100.00

* Where the property type is not recorded in the Seller's reporting system(s).

As at the Reference Date, the weighted average balance of Mortgage Accounts secured by detached properties, semi-detached properties, terraced properties and flats was £386,817.35, £192,302.77, £160,623.36 and £169,904.73, respectively

Seasoning of Loans

The following table shows the number of years since the date of origination of the initial Loan in a Mortgage Account.

Age of Loans in years as at the Reference Date	Aggregate Current Balances at the Reference Date (£)	% of total	Number of mortgage accounts	% of total
0 - <12.....	0.00	0.00	0	0.00
12 - <13.....	59,519.25	0.00	1	0.00
13 - <14.....	54,464,091.03	1.92	404	1.88
14 - <15.....	805,374,430.71	28.46	5,737	26.75
15 - <16.....	779,894,815.92	27.56	5,443	25.38
16 - <17.....	414,267,807.58	14.64	2,978	13.88
17 - <18.....	168,497,443.77	5.96	1,182	5.51
18 - <19.....	297,099,434.52	10.50	2,449	11.42
19 - <20.....	196,332,722.52	6.94	1,750	8.16
20 - <21.....	68,988,020.08	2.44	728	3.39
>=21.....	44,448,275.80	1.57	777	3.62
Total	2,829,426,561.18	100.00	21,449	100.00

The maximum, minimum and weighted average seasoning of Loans as at the Reference Date was 32.78, 12.94 and 16.25 years, respectively.

Years to Maturity of Loans

The following table shows the number of remaining years of the term of the Loans as at the Reference Date. Loans that have reached or are past the recorded maturity date have been excluded from this table.

Years to maturity as at the Reference Date	Aggregate Current Balances at the Reference Date (£)	% of total	Number of Loans	% of total
0 - <1.....	138,991,213.54	5.31	3,180	5.30
1 - <2.....	104,141,346.97	3.98	2,618	4.37
2 - <3.....	103,793,313.41	3.97	2,543	4.24
3 - <4.....	152,200,575.24	5.82	3,739	6.24
4 - <5.....	261,561,501.41	10.00	6,032	10.06
5 - <6.....	347,806,688.26	13.30	8,357	13.94
6 - <7.....	256,511,943.46	9.81	6,569	10.96
7 - <8.....	145,668,884.23	5.57	3,246	5.41
8 - <9.....	217,647,389.72	8.32	4,735	7.90
9 - <10.....	374,054,337.10	14.30	7,636	12.74
10 - <15.....	435,159,741.75	16.64	9,532	15.90
15 - <20.....	57,742,209.67	2.21	1,295	2.16
20 - <25.....	16,314,458.99	0.62	384	0.64
>=25.....	3,675,302.55	0.14	91	0.15
Total	2,615,268,906.30	100.00	59,957	100.00

The maximum, minimum and weighted average remaining term of the Loans as at the Reference Date was 38.12, 0.00 and 7.08 years, respectively.

Loans Past Maturity

The following table shows the number of years since the recorded maturity date of those loans that are past the recorded maturity date as at the Reference Date.

Loans past maturity as at the Reference Date	Aggregate Current Balances at the Reference Date (£)	% of total	Number of Loans	% of total
0 - <1.....	74,694,801.19	34.88	923	33.07
1 - <2.....	31,797,575.44	14.85	457	16.37
2 - <3.....	25,264,673.69	11.80	327	11.72
3 - <4.....	21,470,613.12	10.03	272	9.75
4 - <5.....	25,654,575.65	11.98	342	12.25
5 - <6.....	12,535,160.17	5.85	182	6.52
6 - <7.....	6,713,511.69	3.13	74	2.65
7 - <8.....	3,726,677.16	1.74	48	1.72
8 - <9.....	4,568,684.84	2.13	64	2.29
9 - <10.....	7,056,193.57	3.29	89	3.19
>=10.....	675,188.36	0.32	13	0.47
Total	214,157,654.88	100.00	2,791	100.00

The maximum, minimum and weighted average number of years since the recorded maturity date of those loans that are past the recorded maturity as at the Reference Date were 10.17, 0.00 and 2.72 years, respectively.

Loan type

The following table shows the distribution of fixed, tracker and variable rate loans in the Provisional Portfolio as at the Reference Date.

Type of loan	Aggregate Current Balances at the Reference Date (£)	% of total	Number of Loans	% of total
Fixed Rate Loans	16,255,072.81	0.57	4,209	6.71
Tracker Rate Loans	1,530,958,026.48	54.11	27,676	44.11
Variable Rate Loans*	1,282,213,461.89	45.32	30,863	49.19
Total	2,829,426,561.18	100.00	62,748	100.00

* Including variable rate loans with a margin above or below the Standard Variable Rate.

Interest rate

The following table shows the interest rate of the Loans as at the Reference Date.

Interest rate (per cent)	Aggregate Current Balances at the Reference Date (£)	% of total	Number of Loans	% of total
0.00	1,165,832.54	0.04	3,899	6.21
0.01 – 2.00	6,289,399.85	0.22	126	0.20
2.00 – 2.49	43,950,605.66	1.55	709	1.13
2.50 – 2.99	403,503,928.99	14.26	6,460	10.30
3.00 – 3.49	280,489,356.89	9.91	6,242	9.95
3.50 – 3.99	687,054,175.29	24.28	12,484	19.90
4.00 – 4.49	124,759,800.07	4.41	1,965	3.13
4.50 – 4.99	1,289.38	0.00	2	0.00
5.00 – 5.49	0.00	0.00	0	0.00
5.50 – 5.99	284,563.76	0.01	22	0.04
6.00 – 6.49	1,278,588,533.07	45.19	30,749	49.00
6.50 – 6.99	1,481,418.56	0.05	44	0.07
7.00 – 7.49	242,396.46	0.01	27	0.04
7.50 – 7.99	1,615,260.66	0.06	19	0.03
Total	2,829,426,561.18	100.00	62,748	100.00

The maximum, minimum and weighted average interest rate of the Loans as at the Reference Date were 7.70, 0.00 and 4.65 per cent, respectively.

HISTORICAL INFORMATION ON THE TMB MORTGAGE BOOK

The following is a description of some of the characteristics of the Loans, based on the Loans on the Seller's balance sheet historically and the performance of such Loans since 2013.

Arrears, repossessions and losses

The following table shows the balance of the TMB Mortgage Book 1 to 3 months in arrears at the end of a quarter, the balance of the TMB Mortgage Book with more than 3 months in arrears at the end of a quarter, the balance of the TMB Mortgage Book which had the property, securing the relevant mortgage, repossessed during the quarter and the loss amounts recorded of the TMB Mortgage Book, following the sale of the repossessed property during the quarter (where the date of sale falls in the quarter, but the repossession date may have been some time prior).

Year	Quarter	Total Balance	Total Balance 1-3 Months	Total Balance 3+ Months Arrears	Total Balance of Repossessions	Aggregate Loss Amounts
2013	1	9,435,558,570.96	599,971,901.24	999,811,919.40	33,724,008.16	8,744,910.18
2013	2	9,219,858,738.77	554,935,348.04	979,375,033.37	52,555,857.63	19,606,801.12
2013	3	8,995,991,093.51	511,100,850.84	926,649,642.08	47,879,092.14	25,563,037.97
2013	4	8,746,583,012.20	518,734,295.21	849,338,790.34	33,284,470.30	26,553,539.02
2014	1	8,533,077,849.76	489,172,805.40	798,612,057.23	38,483,947.87	18,566,737.30
2014	2	8,303,696,938.37	458,104,982.58	736,326,084.79	29,537,412.93	16,841,194.49
2014	3	8,059,560,634.76	471,487,794.04	660,869,500.97	30,761,079.85	13,401,325.74
2014	4	7,827,914,117.98	442,105,071.08	590,343,407.24	19,970,928.82	11,814,048.29
2015	1	7,654,611,758.74	421,390,517.10	558,673,295.85	10,736,290.44	9,503,450.81
2015	2	7,465,895,733.26	407,968,941.71	537,911,325.62	8,402,541.47	7,173,262.05
2015	3	7,248,542,576.76	401,086,656.64	508,887,102.22	6,650,891.54	4,912,173.32
2015	4	7,047,694,272.15	375,870,847.69	501,219,027.73	8,753,356.28	3,478,877.52
2016	1	6,837,551,563.77	355,611,489.76	496,901,072.03	7,672,962.46	4,318,777.90
2016	2	6,652,328,046.69	354,819,287.09	494,635,556.59	5,912,522.81	2,785,544.79
2016	3	6,468,208,456.16	333,204,600.75	504,766,293.44	6,971,396.37	3,728,792.21
2016	4	6,273,831,872.32	308,420,170.48	500,463,975.29	7,568,571.10	2,144,690.05
2017	1	6,108,781,055.07	283,520,030.01	493,884,665.52	5,222,062.40	2,996,274.11
2017	2	5,924,391,319.16	267,006,571.96	486,746,786.13	8,292,766.72	2,188,986.61
2017	3	5,734,568,677.92	253,530,255.61	482,361,871.59	10,888,375.75	2,447,813.82
2017	4	5,535,064,134.14	238,332,477.23	464,021,003.75	7,647,498.81	3,158,710.23
2018	1	5,357,855,147.67	217,276,807.55	449,785,906.75	7,614,853.00	2,713,808.56
2018	2	5,187,615,463.03	242,406,069.67	427,069,713.34	4,610,624.05	2,431,195.79
2018	3	5,009,187,504.62	208,978,672.65	408,003,247.12	9,017,239.81	2,610,088.23
2018	4	4,841,625,891.58	216,671,903.66	392,974,637.64	9,462,748.57	4,024,750.57
2019	1	4,683,384,458.06	220,669,979.27	374,736,822.32	9,450,753.42	3,301,709.60
2019	2	4,522,766,251.04	214,996,239.59	347,345,890.21	11,256,693.64	4,369,265.19
2019	3	4,369,215,201.31	201,648,864.17	327,577,051.79	9,919,203.12	3,659,625.48
2019	4	4,220,644,191.96	202,378,607.64	307,724,242.05	7,307,062.62	4,353,273.68
2020	1	4,084,776,433.72	225,512,385.19	313,899,541.74	11,677,205.44	2,865,008.69
2020	2	4,000,494,044.25	181,899,794.73	341,310,185.61	1,466,153.99	726,194.13
2020	3	3,899,006,652.12	158,352,423.14	329,892,787.16	2,822,907.90	3,623,621.68
2020	4	3,767,939,545.49	136,659,142.93	331,372,867.08	1,201,438.36	1,954,122.48
2021	1	3,638,009,364.26	111,624,861.35	325,547,064.57	2,335,789.46	1,534,910.03
2021	2	3,496,257,371.44	109,099,305.06	305,125,970.93	2,430,125.06	1,394,397.07
2021	3	3,369,115,433.98	104,362,717.99	280,166,052.23	2,998,977.46	1,954,734.93
2021	4	3,229,631,146.76	107,663,427.68	267,107,102.43	4,976,662.58	1,100,779.43
2022	1	3,090,790,351.75	104,492,350.23	249,158,368.22	6,633,969.41	1,588,175.26
2022	2	2,951,088,028.04	108,447,621.06	232,997,459.50	4,412,413.90	2,554,758.49

Vintage information - Repossession

The following table shows the balance, at 31 December 2013, of the TMB Mortgage Book originated between 1 January 2000 and 31 December 2009, which the property, securing the relevant mortgage, repossessed during the relevant calendar year. All balances are as at 31 December 2013.

Origination Year	Balance at 2013 Year End	31.12.2013 Balance Repossessed in 2014	31.12.2013 Balance Repossessed in 2015	31.12.2013 Balance Repossessed in 2016	31.12.2013 Balance Repossessed in 2017	31.12.2013 Balance Repossessed in 2018	31.12.2013 Balance Repossessed in 2019	31.12.2013 Balance Repossessed in 2020	31.12.2013 Balance Repossessed in 2021	31.12.2013 Balance Repossessed in 2022 Q1 & Q2
2000	70,226,491.51	413,651.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001	136,821,968.71	436,119.10	0.00	298,044.13	0.00	600,338.30	253,900.73	0.00	0.00	119,390.85
2002	308,656,907.64	1,758,625.33	0.00	423,481.91	184,702.01	255,601.11	149,516.78	0.00	0.00	0.00
2003	617,045,913.96	2,731,668.27	1,281,719.78	1,281,586.34	73,659.72	588,331.72	1,495,101.03	237,983.57	200,647.70	70,701.05
2004	681,592,498.91	4,380,716.47	1,410,057.88	1,699,542.92	1,358,382.51	526,587.72	2,153,304.61	778,238.29	443,652.02	144,779.91
2005	523,562,835.24	7,636,457.64	1,864,202.00	2,214,265.45	567,846.59	1,134,229.70	1,640,541.12	222,615.49	1,019,108.95	627,495.15
2006	1,377,992,247.78	15,125,672.74	5,347,942.17	6,127,642.37	4,272,734.76	4,775,617.96	6,081,498.62	3,947,827.09	1,453,492.66	1,272,562.71
2007	3,087,551,544.41	54,076,463.75	15,409,350.58	12,499,530.85	13,772,008.05	12,460,877.78	14,623,426.04	6,960,550.13	5,858,744.15	4,892,352.61
2008	2,023,996,519.19	39,751,678.32	10,703,742.19	5,288,772.28	10,947,350.98	9,897,373.07	12,336,773.11	4,745,913.52	2,308,011.40	2,266,438.21
2009	32,470,475.36	196,861.60	332,259.94	318,283.46	71,404.12	420,482.66	197,593.32	0.00	0.00	0.00

Vintage information - Arrears

The following table shows the balance, at 31 December 2013, of the TMB Mortgage Book originated between 1 January 2000 and 31 December 2009 which is at least 3 months in arrears at the relevant date. All balances are as at 31 December 2013.

Origination Year	31.12.2013 Balance >=3 MIA at 31.12.2021	31.12.2013 Balance >=3 MIA at 31.12.2014	31.12.2013 Balance >=3 MIA at 31.12.2015	31.12.2013 Balance >=3 MIA at 31.12.2016	31.12.2013 Balance >=3 MIA at 31.12.2017	31.12.2013 Balance >=3 MIA at 31.12.2018	31.12.2013 Balance >=3 MIA at 31.12.2019	31.12.2013 Balance >=3 MIA at 31.12.2020	31.12.2013 Balance >=3 MIA at 31.12.2021	31.12.2013 Balance >=3 MIA at 30.06.2022
2000	70,226,491.51	2,880,901.34	2,926,441.02	3,359,324.41	2,866,906.38	2,022,204.88	1,511,957.58	1,168,492.73	1,173,256.64	548,520.37
2001	136,821,968.71	7,124,453.92	7,290,153.17	9,368,958.87	8,756,696.59	5,063,922.65	2,658,269.64	2,382,773.41	1,999,911.23	1,711,514.84
2002	308,656,907.64	17,133,900.48	12,713,282.87	17,225,251.11	16,004,587.48	11,987,754.86	10,721,903.55	11,093,497.56	10,546,989.62	8,413,110.73
2003	617,045,913.96	29,280,513.88	25,176,782.61	29,447,187.86	29,768,016.51	25,737,370.18	16,359,696.23	20,231,918.24	16,035,897.09	12,459,237.77
2004	681,592,498.91	23,146,428.68	23,901,313.26	30,900,402.05	28,280,353.42	23,045,178.88	13,948,235.68	17,447,708.11	14,390,916.26	10,150,030.38
2005	523,562,835.24	25,592,263.62	20,665,788.18	22,078,813.05	20,920,419.43	20,674,717.04	17,196,106.07	20,104,258.27	17,055,262.82	14,129,332.52
2006	1,377,992,247.78	72,790,522.78	64,035,298.24	67,610,186.22	59,180,384.08	56,649,634.62	43,490,297.87	51,545,230.45	41,243,870.48	34,824,729.22
2007	3,087,551,544.41	185,541,627.45	161,059,317.45	170,915,042.72	166,836,732.48	133,389,853.99	100,236,587.34	106,188,199.87	86,389,620.37	74,672,824.17
2008	2,023,996,519.19	133,072,753.17	109,124,523.04	119,332,519.70	111,634,593.20	84,703,515.49	69,688,049.08	76,955,723.22	62,547,216.25	55,932,204.68
2009	32,470,475.36	2,931,501.00	2,184,876.54	2,827,888.72	3,318,551.50	580,442.72	309,094.51	1,945,899.61	2,125,789.37	2,125,789.37

*MIA= Months in Arrears

Vintage information - Losses

The following table shows the loss amounts recorded of the TMB Mortgage Book originated between 1 January 2000 and 31 December 2009, following the sale of the repossessed property during the relevant calendar year. The loss amounts are the actual realised losses.

Origination Year	31.12.2013 Balance	2014 Loss Amount	2015 Loss Amount	2016 Loss Amount	2017 Loss Amount	2018 Loss Amount	2019 Loss Amount	2020 Loss Amount	2021 Loss Amount	H1 2022 Loss Amount
2000	70,226,491.51	128,589.70	0.00	0.00	0.00	754,727.80	0.00	0.00	0.00	23,188.87
2001	136,821,968.71	67,291.98	0.00	0.00	115,876.80	0.00	263,850.95	0.00	0.00	0.00
2002	308,656,907.64	164,717.73	0.00	102,086.58	9,318.20	0.00	30,931.47	0.00	0.00	0.00
2003	617,045,913.96	756,900.07	172,119.59	194,175.82	201,950.85	109,897.90	356,899.65	21,311.79	0.00	28,775.26
2004	681,592,498.91	1,218,793.82	722,997.52	348,796.84	471,757.51	113,830.32	549,316.06	0.00	165,359.85	65,182.20
2005	523,562,835.24	2,769,522.43	1,236,050.75	450,671.36	579,740.57	67,219.78	304,044.16	198,193.07	208,997.34	216,430.09
2006	1,377,992,247.78	6,830,979.88	2,201,775.01	2,126,782.22	731,937.01	922,807.47	3,008,643.87	1,573,922.07	941,757.76	810,094.84
2007	3,087,551,544.41	31,119,877.04	12,494,412.00	6,595,832.62	5,498,772.85	6,851,852.68	6,541,764.52	5,429,179.17	4,010,020.35	1,918,323.45
2008	2,023,996,519.19	16,905,646.65	8,089,292.86	2,932,503.19	3,222,661.42	3,496,994.41	5,921,940.40	2,990,546.16	1,756,905.61	618,019.14
2009	32,470,475.36	150,017.98	151,115.97	226,956.32	0.00	110,673.29	88,558.09	0.00	0.00	0.00

Vintage information – Loss Severity

The following table shows historical loss severity, which was calculated on an account level basis by comparing the total loss suffered on sale with the loan balance as at the time of sale or the year of repossession (if the year of sale was not available).

<u>Year of sale</u>	<u>Loss Severity</u>
2013	45%
2014	38%
2015	37%
2016	32%
2017	32%
2018	38%
2019	32%
2020	32%
2021	39%
2022	33%

Vintage information – Loans past maturity date

The following table shows the percentage of the Portfolio still outstanding after the original maturity date, including term date past loans and loans where the original maturity date has been extended.

<u>Year end</u>	<u>% of the Mortgage Portfolio outstanding after the original maturity date</u>
31/12/2013	2.16 %
31/12/2014	2.80 %
31/12/2015	3.41 %
31/12/2016	4.51 %
31/12/2017	5.96 %
31/12/2018	7.36 %
31/12/2019	7.67 %
31/12/2020	8.24 %
31/12/2021	9.25 %

Vintage information – Pay-rate

The following table shows the percentage of the pay-rate of the Portfolio calculated on a loan level basis as payment made and the payment due and expressed as a percentage of the expected payment received.

<u>% of expected payment received</u>	<u>30/06/2019</u>	<u>31/12/2019</u>	<u>30/06/2020</u>	<u>31/12/2020</u>	<u>30/06/2021</u>	<u>31/12/2021</u>	<u>30/06/2022</u>
0%	9.9%	9.1%	27.2%	10.7%	8.4%	8.5%	8.7%
0% > x <= 50%	0.5%	0.4%	0.5%	0.5%	0.4%	0.4%	0.5%
50% < x <100%	1.9%	1.7%	0.7%	0.9%	1.1%	1.1%	3.8%
100%	77.5%	77.3%	61.1%	75.3%	76.1%	76.3%	75.6%
100% < x <150%	6.3%	6.8%	5.7%	7.3%	7.8%	8.0%	6.5%
150% <= x < 200%	1.2%	1.4%	1.2%	1.5%	1.5%	1.5%	1.7%
x >=200%	2.8%	3.3%	3.5%	3.8%	4.7%	4.1%	3.3%

Prepayments and Repayments

The following table shows the quarterly repayment rate and balance (after reduction for scheduled repayments and prepayments) of the TMB Mortgage Book since 2013.

Year	Quarter	Quarterly Repayment Rate	TMB Mortgage Book Balance (£)*	Annualised %
2013	1	N/A	9,435,558,570.96	N/A
2013	2	2.29%	9,219,858,738.77	8.84%
2013	3	2.43%	8,995,991,093.51	9.36%
2013	4	2.77%	8,746,583,012.20	10.64%
2014	1	2.44%	8,533,077,849.76	9.41%
2014	2	2.69%	8,303,696,938.37	10.33%
2014	3	2.94%	8,059,560,634.76	11.25%
2014	4	2.87%	7,827,914,117.98	11.01%
2015	1	2.21%	7,654,611,758.74	8.57%
2015	2	2.47%	7,465,895,733.26	9.50%
2015	3	2.91%	7,248,542,576.76	11.15%
2015	4	2.77%	7,047,694,272.15	10.63%
2016	1	2.98%	6,837,551,563.77	11.40%
2016	2	2.71%	6,652,328,046.69	10.40%
2016	3	2.77%	6,468,208,456.16	10.62%
2016	4	3.01%	6,273,831,872.32	11.49%
2017	1	2.63%	6,108,781,055.07	10.12%
2017	2	3.02%	5,924,391,319.16	11.54%
2017	3	3.20%	5,734,568,677.92	12.21%
2017	4	3.48%	5,535,064,134.14	13.21%
2018	1	3.20%	5,357,855,147.67	12.20%
2018	2	3.18%	5,187,615,463.03	12.12%
2018	3	3.44%	5,009,187,504.62	13.06%
2018	4	3.35%	4,841,625,891.58	12.72%
2019	1	3.27%	4,683,384,458.06	12.45%
2019	2	3.43%	4,522,766,251.04	13.03%
2019	3	3.40%	4,369,215,201.31	12.90%
2019	4	3.40%	4,220,644,191.96	12.92%
2020	1	3.22%	4,084,776,433.72	12.27%
2020	2	2.06%	4,000,494,044.25	8.00%
2020	3	2.54%	3,899,006,652.12	9.77%
2020	4	3.36%	3,767,939,545.49	12.78%
2021	1	3.45%	3,638,009,364.26	13.10%
2021	2	3.90%	3,496,257,371.44	14.70%
2021	3	3.64%	3,369,115,433.98	13.77%
2021	4	4.14%	3,229,631,146.76	15.56%
2022	1	4.30%	3,090,790,351.75	16.12%
2022	2	4.52%	2,951,088,028.04	16.89%

*Balance reduction due to scheduled repayments and prepayments

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The United Kingdom 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.

Industry PPR rates

In the following tables, quarterly industry principal payment rate (**industry PPR**) data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by banks and building societies in a quarter by the quarterly balance of mortgages outstanding for banks and building societies in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	Industry PPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry PPR rate for the quarter (%)	12-month rolling average (%)
Q1 2000	13.91	16.21	Q2 2011	11.00	11.14
Q2 2000	15.63	16.05	Q3 2011	12.37	11.29
Q3 2000	16.31	15.66	Q4 2011	11.86	11.41
Q4 2000	16.02	15.47	Q1 2012	10.97	11.55
Q1 2001	15.76	15.93	Q2 2012	11.27	11.62
Q2 2001	18.67	16.69	Q3 2012	11.53	11.41
Q3 2001	20.74	17.80	Q4 2012	11.82	11.40
Q4 2001	20.56	18.93	Q1 2013	11.38	11.50
Q1 2002	19.24	19.80	Q2 2013	13.00	11.93
Q2 2002	21.63	20.54	Q3 2013	14.67	12.72
Q3 2002	24.22	21.41	Q4 2013	14.94	13.50
Q4 2002	23.47	22.14	Q1 2014	13.53	14.03
Q1 2003	21.80	22.78	Q2 2014	14.21	14.34
Q2 2003	23.00	23.12	Q3 2014	15.16	14.46
Q3 2003	24.63	23.22	Q4 2014	14.24	14.28
Q4 2003	25.49	23.73	Q1 2015	13.01	14.15
Q1 2004	21.77	23.72	Q2 2015	13.99	14.10
Q2 2004	23.52	23.85	Q3 2015	15.19	14.11
Q3 2004	24.90	23.92	Q4 2015	15.45	14.41
Q4 2004	21.37	22.89	Q1 2016	15.10	14.93
Q1 2005	18.44	22.06	Q2 2016	15.11	15.21
Q2 2005	21.89	21.65	Q3 2016	15.85	15.38
Q3 2005	24.96	21.66	Q4 2016	15.36	15.35
Q4 2005	25.32	22.65	Q1 2017	14.81	15.28
Q1 2006	22.95	23.78	Q2 2017	14.83	15.21
Q2 2006	24.11	24.34	Q3 2017	16.00	15.25
Q3 2006	25.73	24.53	Q4 2017	16.38	15.50
Q4 2006	25.63	24.61	Q1 2018	15.06	15.57
Q1 2007	24.56	25.01	Q2 2018	15.34	15.69
Q2 2007	25.64	25.39	Q3 2018	16.75	15.88
Q3 2007	26.32	25.54	Q4 2018	16.50	15.91
Q4 2007	24.36	25.22	Q1 2019	14.64	15.81
Q1 2008	20.26	24.15	Q2 2019	14.79	15.67
Q2 2008	21.65	23.15	Q3 2019	15.40	15.33
Q3 2008	20.94	21.80	Q4 2019	15.70	15.13
Q4 2008	15.99	19.71	Q1 2020	14.54	15.11
Q1 2009	13.49	18.02	Q2 2020	11.28	14.23
Q2 2009	11.90	15.58	Q3 2020	13.04	13.64
Q3 2009	13.34	13.68	Q4 2020	14.71	13.39
Q4 2009	12.53	12.81	Q1 2021	15.57	13.65
Q1 2010	9.97	11.94	Q2 2021	15.68	14.75
Q2 2010	11.01	11.71	Q3 2021	14.41	15.09

Quarter	Industry PPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry PPR rate for the quarter (%)	12-month rolling average (%)
Q3 2010	11.76	11.32	Q4 2021	14.73	15.10
Q4 2010	11.39	11.03	Q1 2022	14.48	14.82
Q1 2011	10.40	11.14	Q2 2022	14.72	14.58

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Source of repayment and outstanding mortgage information: UK Finance

Repossession Rates for UK buy-to-let and owner-occupied mortgages

The table below sets out the repossession of residential buy-to-let and owner-occupied properties in the United Kingdom since 2007.

Buy-to-let		Owner Occupied	
Year	Repossessions (%)	Year	Repossessions (%)
2007	0.20	2007	0.22
2008	0.26	2008	0.35
2009	0.38	2009	0.43
2010	0.35	2010	0.33
2011	0.44	2011	0.31
2012	0.48	2012	0.27
2013	0.37	2013	0.24
2014	0.29	2014	0.17
2015	0.17	2015	0.08
2016	0.13	2016	0.06
2017	0.14	2017	0.05
2018	0.12	2018	0.05
2019	0.14	2019	0.06
2020	0.06	2020	0.02
2021	0.05	2021	0.01

Source: UK Finance

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House price index

United Kingdom residential property prices, as measured by the Nationwide House Price Index, have generally outperformed the United Kingdom Retail Price Index over the past 25 years. (Nationwide is a United Kingdom building society.)

The United Kingdom housing market has been through various economic cycles in this period, with large year-to-year increases in house prices occurring in the late 1980s and the mid-1990s through to mid-2007 and decreases occurring in the early 1990s and mid-2007 through late 2009. Prices remained broadly stable until 2013 and have increased year on year since.

Year	Retail Price Index		Nationwide House Price Index	
	Index	% annual change	Index	% annual change
1991	133.5	5.9	107.1	-
1992	138.5	3.7	103.0	-3.8
1993	140.7	1.6	102.1	-0.8

Year	Retail Price Index		Nationwide House Price Index	
	Index	% annual change	Index	% annual change
1994	144.1	2.4	103.5	1.3
1995	149.1	3.5	102.3	-1.2
1996	152.7	2.4	106.3	4.0
1997	157.5	3.1	117.9	10.9
1998	162.9	3.4	129.8	10.1
1999	165.4	1.5	141.7	9.2
2000	170.3	3.0	160.0	12.9
2001	173.3	1.8	177.0	10.6
2002	176.2	1.7	211.8	19.7
2003	181.3	2.9	253.0	19.5
2004	186.7	3.0	296.3	17.1
2005	192.0	2.8	311.4	5.1
2006	198.1	3.2	331.4	6.4
2007	206.6	4.3	361.7	9.1
2008	214.8	4.0	337.4	-6.7
2009	213.7	-0.5	312.4	-7.4
2010	223.6	4.6	330.6	5.8
2011	235.2	5.2	329.9	-0.2
2012	242.7	3.2	327.1	-0.8
2013	250.1	3.0	337.4	3.1
2014	256.0	2.4	370.3	9.7
2015	258.5	1.0	386.6	4.4
2016	263.1	1.8	405.7	4.9
2017	272.5	3.6	417.5	2.9
2018	281.6	3.3	426.1	2.1
2019	288.8	2.6	428.6	0.6
2020	293.1	1.5	443.8	3.5
2021	305.0	4.1	485.4	9.4

Source: Office for National Statistics and Nationwide Building Society.

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 year's index value and **Y** is equal to the index value of the previous year.

The figures for the Nationwide House Price Index are the average of the published monthly indices for that year.

Quarterly house price index

Quarter	Retail Price Index		Nationwide House Price Index (SA)*	
	Index	% annual change	Index	% annual change
Q1 1991	130.8	8.6	110.2	-
Q2 1991	133.6	6.0	109.6	-
Q3 1991	134.2	4.8	108.5	-
Q4 1991	135.5	4.2	107.7	-
Q1 1992	136.2	4.1	105.3	-4.4
Q2 1992	139.1	4.1	104.1	-5.0
Q3 1992	139.0	3.6	103.3	-4.8
Q4 1992	139.6	3.0	100.8	-6.5
Q1 1993	138.7	1.8	101.1	-4.0
Q2 1993	140.9	1.3	102.7	-1.4
Q3 1993	141.3	1.7	102.4	-0.9

Quarter	Retail Price Index		Nationwide House Price Index (SA)*	
	Index	% annual change	Index	% annual change
Q4 1993	141.8	1.6	102.4	1.6
Q1 1994	142.0	2.4	103.5	2.3
Q2 1994	144.5	2.6	101.7	-1.0
Q3 1994	144.6	2.3	102.5	0.1
Q4 1994	145.5	2.6	104.4	1.9
Q1 1995	146.8	3.4	102.9	-0.5
Q2 1995	149.5	3.5	102.3	0.6
Q3 1995	149.9	3.7	101.7	-0.7
Q4 1995	150.1	3.2	101.9	-2.4
Q1 1996	150.9	2.8	103.5	0.5
Q2 1996	152.8	2.2	105.2	2.8
Q3 1996	153.1	2.1	107.1	5.2
Q4 1996	154.0	2.6	110.4	8.3
Q1 1997	154.9	2.7	112.4	8.6
Q2 1997	156.9	2.7	115.9	10.2
Q3 1997	158.4	3.5	120.4	12.5
Q4 1997	159.7	3.7	123.8	12.2
Q1 1998	160.2	3.4	126.6	12.7
Q2 1998	163.2	4.0	129.4	11.7
Q3 1998	163.7	3.3	131.5	9.2
Q4 1998	164.4	2.9	132.9	7.4
Q1 1999	163.7	2.2	135.7	7.2
Q2 1999	165.5	1.4	138.9	7.3
Q3 1999	165.6	1.2	143.2	9.0
Q4 1999	166.8	1.5	149.7	12.6
Q1 2000	167.5	2.3	156.3	15.2
Q2 2000	170.6	3.1	161.1	16.0
Q3 2000	170.9	3.2	160.1	11.8
Q4 2000	172.0	3.1	163.7	9.4
Q1 2001	171.8	2.6	169.0	8.2
Q2 2001	173.9	1.9	173.8	7.9
Q3 2001	174.0	1.8	180.1	12.4
Q4 2001	173.8	1.0	185.6	13.3
Q1 2002	173.9	1.2	192.1	13.7
Q2 2002	176.0	1.2	205.1	18.1
Q3 2002	176.6	1.5	219.1	21.7
Q4 2002	178.2	2.5	232.5	25.3
Q1 2003	179.2	3.0	241.9	25.9
Q2 2003	181.3	3.0	248.4	21.1
Q3 2003	181.8	2.9	256.6	17.1
Q4 2003	182.9	2.6	268.5	15.5
Q1 2004	183.8	2.6	280.4	15.9
Q2 2004	186.3	2.8	293.9	18.4
Q3 2004	187.4	3.1	303.8	18.4
Q4 2004	189.2	3.4	305.5	13.8
Q1 2005	189.7	3.2	308.0	9.8
Q2 2005	191.9	3.0	311.8	6.1
Q3 2005	192.6	2.8	312.4	2.8
Q4 2005	193.7	2.4	315.2	3.2
Q1 2006	194.2	2.4	323.0	4.9
Q2 2006	197.6	3.0	326.8	4.8
Q3 2006	199.3	3.5	334.0	6.9
Q4 2006	201.4	4.0	344.3	9.2
Q1 2007	203.0	4.5	353.9	9.5
Q2 2007	206.3	4.4	360.1	10.2
Q3 2007	207.1	3.9	365.1	9.3

Quarter	Retail Price Index		Nationwide House Price Index (SA)*	
	Index	% annual change	Index	% annual change
Q4 2007	209.8	4.2	367.8	6.8
Q1 2008	211.1	4.0	361.9	2.3
Q2 2008	215.3	4.4	345.7	-4.0
Q3 2008	217.4	5.0	327.5	-10.3
Q4 2008	215.5	2.7	313.4	-14.8
Q1 2009	210.9	-0.1	302.4	-16.4
Q2 2009	212.6	-1.3	305.0	-11.8
Q3 2009	214.4	-1.4	317.3	-3.1
Q4 2009	216.9	0.6	324.0	3.4
Q1 2010	219.3	4.0	329.3	8.9
Q2 2010	223.5	5.1	333.8	9.4
Q3 2010	224.5	4.7	331.5	4.5
Q4 2010	227.0	4.7	325.9	0.6
Q1 2011	230.9	5.3	328.2	-0.3
Q2 2011	234.9	5.1	329.7	-1.2
Q3 2011	236.2	5.2	330.1	-0.4
Q4 2011	238.6	5.1	329.7	1.2
Q1 2012	239.6	3.8	328.8	0.2
Q2 2012	242.2	3.1	326.0	-1.1
Q3 2012	243.1	2.9	325.0	-1.5
Q4 2012	246.0	3.1	326.1	-1.1
Q1 2013	247.4	3.3	329.1	0.1
Q2 2013	249.7	3.1	330.7	1.4
Q3 2013	250.9	3.2	339.1	4.3
Q4 2013	252.5	2.6	349.1	7.1
Q1 2014	253.9	2.6	359.2	9.1
Q2 2014	256.0	2.5	369.0	11.6
Q3 2014	256.9	2.4	374.7	10.5
Q4 2014	257.4	1.9	378.2	8.3
Q1 2015	256.4	1.0	379.9	5.8
Q2 2015	258.5	1.0	384.7	4.2
Q3 2015	259.3	0.9	388.4	3.7
Q4 2015	260.0	1.0	394.2	4.2
Q1 2016	260.0	1.4	399.7	5.2
Q2 2016	262.2	1.4	404.9	5.2
Q3 2016	264.2	1.9	409.5	5.4
Q4 2016	265.8	2.2	412.0	4.5
Q1 2017	267.7	3.0	415.5	4.0
Q2 2017	271.5	3.5	416.8	2.9
Q3 2017	274.2	3.8	420.0	2.6
Q4 2017	276.4	4.0	423.1	2.7
Q1 2018	277.5	3.7	425.4	2.4
Q2 2018	280.6	3.4	426.2	2.3
Q3 2018	283.3	3.3	428.9	2.1
Q4 2018	284.9	3.1	428.6	1.3
Q1 2019	284.4	2.5	426.8	0.3
Q2 2019	289.0	3.0	428.9	0.6
Q3 2019	290.7	2.6	430.5	0.4
Q4 2019	291.1	2.2	432.2	0.8
Q1 2020	291.7	2.6	437.1	2.4
Q2 2020	292.5	1.2	437.0	1.9
Q3 2020	293.9	1.1	445.8	3.6
Q4 2020	294.4	1.1	460.1	6.5
Q1 2021	295.8	1.4	464.4	6.3
Q2 2021	302.3	3.4	481.5	10.2
Q3 2021	307.2	4.5	492.3	10.4

Quarter	Retail Price Index		Nationwide House Price Index (SA)*	
	Index	% annual change	Index	% annual change
Q4 2021	314.7	6.9	506.9	10.2
Q1 2022	320.5	8.4	522.7	12.6
Q2 2022	337.2	11.5	536.3	11.4
Q3 2022	345.3	12.4	543.5	10.4

Source: Office for National Statistics and Nationwide Building Society.

** Seasonally adjusted.*

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 Retail Price Index has been reproduced from information published by the Office for National Statistics. All information contained in this Prospectus in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide Building Society. The Issuer confirms that all information in this Prospectus in respect of the Retail Price Index and the Nationwide House Price Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the Office for National Statistics and Nationwide Building Society, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Note, however, that the Issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither the Issuer nor Nationwide Building Society nor the Joint Arrangers nor the Joint Lead Manager makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with that information. Anyone relying on the information does so at their own risk.

CERTAIN REGULATORY CONSIDERATIONS IN RESPECT OF THE LOANS

General

The Seller believes that the Loans included unregulated and regulated Owner-Occupied Loans and unregulated buy-to-let Loans and, as described below, the Seller has given warranties in the Mortgage Sale Agreement that, so far as it is aware, no agreement for any Loan is in whole or in part a Regulated Credit Agreement or a Consumer Buy-to-Let Loan.

Owner-Occupied Loans which are Regulated Mortgage Contracts

In the UK, regulation of residential mortgage business under the Financial Services and Markets Act 2000 (FSMA) came into force on 31 October 2004 (the date known as the "Regulation Effective Date"). Entering into as a lender, arranging or advising in respect of, and administering regulated mortgage contracts and agreeing to do any of those activities are (subject to applicable exemptions) 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 on or after the Regulation Effective Date but prior to 21 March 2016, it will be a Regulated Mortgage Contract under the RAO if: (i) the lender provides credit to an individual or to trustees; (ii) the obligation of the Borrower to repay was secured by a first legal mortgage (or, in Scotland, a standard security) on land (other than timeshare accommodation) in the UK; and (iii) at least 40 per cent. of which 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 was a beneficiary of the trust, or by a related person ("Regulated Mortgage Contract"). 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. 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 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; and (b) the obligation of the borrower to repay is secured by a mortgage (or, in Scotland, a standard security) on land, 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 who is not an individual) as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a Related Person. 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) is (1) that person's spouse or civil partner; (2) 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 (3) that person's parent, brother, sister, child, grandparent or grandchild (a **Related Person**).

Credit agreements that 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 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 any 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, in such circumstances, will have committed 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 will 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 who can issue or approve financial promotions. 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 an originator) 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 Servicer is required to hold and does hold authorisation and permission to administer Regulated Mortgage Contracts. Brokers are in certain circumstances required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Issuer is not, and does not propose to be, an authorised person under the FSMA. Under the RAO, the Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered pursuant to a servicing agreement by an entity having the required authorisation and permission under the FSMA. If such servicing agreement terminates, the Issuer will have a period of not more than one month (beginning with the day on which such arrangement terminates) in which to arrange for mortgage administration to be carried out by a replacement servicer having the required FSMA authorisation and permission.

The Issuer will only hold beneficial title to, or a beneficial interest in, the Mortgage Loans and their Related Security. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Trigger Event, the Issuer will have arranged for a servicer to administer these Loans and is not expected to enter into any new Regulated Mortgage Contracts as lender under article 61(1) of the RAO. 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, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract, 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.

Regulation of buy-to-let mortgage loans

Buy-to-let mortgage loans can fall under several different regulatory regimes. They can be:

- (a) unregulated;
- (b) regulated by the CCA as a regulated credit agreement – as defined by Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the **RAO**) (a **Regulated Credit Agreement**);

- (c) regulated by FSMA as a regulated mortgage contract – as defined by Article 61 of the RAO (a **Regulated Mortgage Contract**); or
- (d) regulated as a consumer buy-to-let mortgage contract under the consumer buy-to-let regime – as defined by the Mortgage Credit Directive Order 2015 which came into force on 21 March 2016 (a **Consumer Buy-to-Let Loan**).

Unregulated buy-to-let mortgage loans

Many buy-to-let mortgage loans will be unregulated because they do not meet the criteria for a Regulated Credit Agreement or Regulated Mortgage Contract. There are, however, still some regulated activities that apply to unregulated buy-to-let mortgage loans, the relevant activities in respect of the Loans being debt administration and debt collection (such activity includes, for example: contacting borrowers in arrears via letter, telephone and/or SMS; discussing the reason for arrears with the borrowers and seeking to agree a suitable repayment plan with borrowers). The Legal Title Holder is (and the Issuer (or its nominee) in the event that it becomes Legal Title Holder will be) excluded as lender from the regulated activities of debt administration and debt collection in respect of any unregulated loan or Regulated Credit Agreement. Any replacement servicer which does not hold legal title in respect of the Loans would need to have permission for the regulated activities of debt administration and debt collection which are necessary in respect of servicing unregulated loans and Regulated Credit Agreements thereby potentially limiting the entities available to perform such roles.

Unfair relationships

Under the CCA, the "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, save for (with certain exceptions) Regulated Mortgage Contracts under the FSMA. 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 Seller as 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 and the lender's conduct before and after making the 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 for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the, now defunct, Office of Fair Trading (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.

Compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules.

Where add-on products such as insurance are sold and are subject to a significant commission payments, it is possible that the non-disclosure of commission by the lender is a factor that could form part of a finding of unfair relationship. The Servicer has confirmed that no such add-on products are currently being sold.

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. The term creditor i.e. lender as defined under Section 189 of the CCA means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

Mortgage Prisoners

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

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

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

On 20 July 2021, the FCA published terms of reference setting out the next steps it will take in its mortgage prisoners review. The review's intention was to evaluate the effects of the FCA's previous interventions that were designed to remove regulatory barriers to switching for mortgage prisoners, and provide further data and insights to the UK Government so that it may explore potential solutions to the mortgage prisoner issues. The FCA reported to the Treasury on 29 November 2021, and it is intended that the Government and industry will use this review to consider if there are further practical and proportionate solutions for mortgage prisoners.

COVID-19 has had a significant impact on the mortgage market. Lenders have reported that they will be unable to offer a range of switching options or support re-mortgaging for mortgage prisoners as quickly as initially anticipated.

Breathing Space Regulations

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (the **Breathing Space Regulations**) (which came into force in England and Wales on 4 May 2021) will give eligible individuals in England and Wales 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 with problems debt legal protection from creditor action for up to 60 days; and a mental health crisis breathing space will give an individual protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days.

However, the Breathing Space Regulations do not apply to mortgages, except for arrears which are uncapitalised at the date of the application under the Breathing Space Regulations. 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 Scotland, eligible individuals are afforded similar legal protection under the Bankruptcy (Scotland) Act 2016 although the moratorium period of 6 months is longer than in England and Wales and does not make any accommodation for mental health crises.

The Breathing Space Regulations do not extend to Northern Ireland.

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 (the **Distance Marketing Regulations**) apply to contracts for financial services entered into on or after 31 October 2004 by a "consumer" within the meaning of the Distance Marketing Regulations and by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower).

The Distance Marketing 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.

Certain agreements for financial services will be cancellable under the Distance Marketing Regulations if the borrower does not receive prescribed information at the prescribed time. Where the credit agreement is cancellable under the Distance Marketing Regulations, the borrower may send notice of cancellation at any time before the expiry of 14 days beginning with: (a) 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 (b) 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 Distance Marketing Regulations may be secured by way of injunction obtained by an enforcement authority, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the Distance Marketing Regulations may render the originator or intermediaries (and their respective relevant officers) liable to a fine. If the borrower cancels the contract under the Distance Marketing Regulations, then: (i) 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; (ii) the borrower is liable to pay interest, early repayment charges and other charges for services actually provided in accordance with the contract only if: (A) 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; (B) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (C) 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 (iii) any security provided in relation to the contract is to be treated as never having had effect.

Unfair Terms in Consumer Contracts Regulations 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 (insofar as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, the **UTCCR**), applies to 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. 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. All of the Loans in the Portfolio were originated prior to 1 October 2015, but it is possible that some of the Loans have been subject to a material variation since 1 October 2015 such that they are treated as new contracts falling within the scope of the CRA.

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 rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair.

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 originator is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set-off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender.

(ii) CRA

The main provisions of the CRA came into force on 1 October 2015 and applies to agreements made on or after that date. 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 has explicitly raised the issue of fairness.

(iii) Regulatory Developments

In July 2019, the FCA and the Competition and Markets Authority (the **CMA**) entered into a memorandum of understanding in relation to consumer protection (the **MoU**) which replaced the original memorandum of understanding entered into between the FCA and the CMA on 12 January 2016. The MoU states that the FCA will consider fairness within the meaning of the CRA and the UTCCR, of standard terms, and within the meaning of the CRA of negotiated terms, in financial services contracts entered into by authorised firms or appointed representatives and within the meaning of the Consumer Protection from Unfair Trading Regulations 2008 (the **CPUTR**), of commercial practices in financial services and claims management services of an authorised firm or appointed representative. In the MoU 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission.

The FCA's consideration of fairness under the CRA, UTCCR and CPUTR will include contracts for mortgages and the selling of mortgages, consumer credit and other credit-related activities.

In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR, provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR (such statement has since been withdrawn – *see below*).

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 variations in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on the 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 above-mentioned 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 have 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" (FG 18/7), outlining factors the FCA considered 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 European Union (the **CJEU**). The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA state that firms should consider both this guidance and other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representatives in relation to any consumer contracts which contain variation terms.

The Unfair Contract Terms and Consumer Notices Regulation Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its powers under the CRA and 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" (save in applying the consumer notices and negotiated terms). 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 CRA and UTCCR 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 or CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

Financial Ombudsman Service

Under the FSMA, the Financial Ombudsman Service (the **Ombudsman**), an independent adjudicator, is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance, rather than 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. The Ombudsman may order a money award to a debtor, which may adversely affect the ability of the Issuer to meet its obligations under the Notes.

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. In addition, under the CPUTR a commercial practice within the scope of the CPUTR may be regarded as unfair and prohibited if it is:

- (a) contrary to the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with either honest market practice or general principles of good faith in the trader's field of activity; and
- (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer (who is reasonably well informed and reasonably observant and circumspect).

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 agreements 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.

Non-disclosure of Broker Commissions

Certain of the Mortgage Loans have been originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the Seller as originator paid commission to such intermediaries in consideration for such activities in the form of a procurator fee.

Where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, that Borrower may have a claim against the Seller as originator of the affected Mortgage Loan. If such claim was successful, it is likely that a court would order payment to such Borrower of the amount of commission paid in respect of the affected Mortgage Loan together with interest on that amount (although the court does have discretion as to the remedy that it would award the Borrower in the circumstances), whereas the award is likely to be greater where there was a failure to disclose the existence of the commission to a Borrower and could include an order to rescind (or unwind) the Mortgage Loan.

Mortgage repossession

There is a protocol for mortgage repossession cases in England and Wales (the **Pre-action Protocol**) and a separate protocol for mortgage repossession cases in Northern Ireland (the **NI Pre-action Protocol**), which sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders 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 may be subject to the wishes of the relevant borrower and may not apply in cases of fraud. In addition, under both protocols the lender must consider whether to postpone the start of a possession claim where the borrower has made a genuine complaint to the Ombudsman about the potential possession claim. However, the NI Pre-action Protocol does not apply to "buy-to-let" mortgages.

The Mortgage Repossessions (Protection of Tenants etc.) Act 2010 came into force on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. Unauthorised tenants in Northern Ireland do not have this power of postponement. In addition, under the Pre-action Protocol, the lender must consider whether to postpone the start of a possession claim where the borrower has

made a genuine complaint to the Ombudsman about the potential possession claim. The lender has to serve notice at the property before enforcing a possession order.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 imposes additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor, which may be the Seller or, in the event of it taking legal title to the Scottish Loans and their Related Security, the Issuer, has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two-month calling up notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements.

The FCA published in March 2021 (the **Tailored Support Guidance**). The Tailored Support Guidance provides that from 1 April 2021, subject to any relevant government restrictions on repossessions, lenders may enforce repossession as long as they act in accordance with the Tailored Support Guidance, MCOB 13 and relevant regulatory and legislative requirements. The Tailored Support Guidance provides that there is no 'one-size-fits-all' approach to how long lenders should offer forbearance before starting a court process but action to seek possession should be a last resort and not be started unless all other reasonable attempts to resolve the position have failed.

This protocol and these Acts may have adverse effects in markets experiencing above average levels of repossession claims.

The Renting Homes (Wales) Act 2016

The Renting Home (Wales) Act (the **Renting Homes Act**) received royal assent on 18 January 2016 and fully entered into force on 1 December 2022. The Renting Homes Act converts the majority of existing residential tenancies in Wales into an occupation contract' with retrospective effect. Subject to certain criteria being met, residential lettings and tenancies granted on or after 1 December 2022 will be 'occupation contracts'.

Under the Renting Homes Act, a landlord must, within the requisite time period set out in the act, serve a written statement on the tenant of an occupation contract which sets out certain terms of the occupation contract which are specified in the Act.

Where a tenant has breached the occupation contract the minimum notice that must be given to the tenant by the landlord of termination of the contract is one month. The notice period can be shorter where it relates to acts of anti-social behaviour or serious rent arrears. Where a 'no fault' notice is issued, the minimum notice that must be given to a tenant is six months.

The Renting Homes Act (which only has effect in Wales) does not contain an equivalent mandatory ground for possession that a lender had under the Housing Act 1988 where a property was subject to a mortgage granted before the beginning of the tenancy and the lender required possession in order to dispose of the property with vacant possession.

Private Housing (Tenancies) (Scotland) Act 2016

The Private Housing (Tenancies) (Scotland) Act 2016 (the **2016 Act**) introduced, from 1 December 2017, a form of tenancy in Scotland known as a "private residential tenancy" which (except in a very limited number of exceptions) provides tenants with security of tenure by restricting a landlord's ability to regain possession of the property to a number of specific eviction grounds.

Accordingly, a lender or security-holder may not be able to obtain vacant possession if it wishes to enforce its security unless one of the specific eviction grounds under the legislation applies. It should be noted though that one of the grounds on which an eviction order can be sought is that a lender or security-holder intends to sell the property and requires the tenant to leave the property in order to dispose of it with vacant possession.

In response to rapid increases in inflation and the cost of living that have been affecting the UK since the beginning of the energy crisis in the first half of 2022, the Scottish Parliament passed The Cost of Living (Tenant Protection) (Scotland) Act 2022 (the **2022 Act**) which came into force on 28 October 2022. The 2022 Act amends the 2016 Act and implement temporary protections for tenants that will prohibit eviction and rent increases. The initial period for these protections will run from 6 September 2022 to 31 March 2023 and the Scottish Ministers have the ability to end these protections prior to 31 March 2023 or extend their application for two further periods of 6 months. While the temporary protections apply, a landlord will not be able to increase rent beyond a permitted rate (to be set by the Scottish Ministers and initially set at 0%) however a landlord may apply to increase the rent by up to 3% in order to recover a proportion of increases in certain property costs (including interest payable under a mortgage). In addition, a landlord will not be able to enforce eviction notices unless the ground for eviction is one of those exempt from the prohibition. The exempt eviction grounds include, among others, when an eviction is sought because (i) a lender or security-holder intends to sell the property; (ii) the landlord intends to sell or live in the property in order to alleviate financial hardship; and (iii) there are rent arrears equal to or more than the equivalent of 6 months' rent. There are similar provisions for assured and other tenancies.

The effects of the 2016 Act (as amended) is restricted to any buy-to-let loans secured over Scottish Property.

Scottish Property means a heritable or long leasehold residential property located in Scotland.

Mortgages and Coronavirus: Tailored Support Guidance

The FCA issued guidance entitled "Mortgage and Coronavirus: Payment Deferral Guidance (the FCA Payment Deferral Guidance)" in March 2020 in connection with the COVID-19 outbreak, which was subsequently updated on 2 June 2020. On 16 September 2020, additional guidance for firms entitled "Mortgages and coronavirus: additional guidance for firms" came into force (the **Tailored Support Guidance**) to supplement the FCA Payment Deferral Guidance. The Tailored Support Guidance has been updated on a number of occasions in order to continue to provide support for those impacted by coronavirus until 31 July 2021. It may, however, be subject to further updates. The Tailored Support Guidance applies to firms dealing with borrowers facing payment difficulties due to circumstances related to coronavirus who are not receiving payment deferrals under the FCA Payment Deferral Guidance, including where they are not or are no longer eligible for payment deferral. Lenders were not to give payment deferrals under the FCA Payment Deferral Guidance for payments extending beyond 31 July 2021. The Tailored Support Guidance is designed to enable firms to continue to deliver short and long-term support to borrowers affected by the evolving coronavirus pandemic and the Government's response to it. It is intended to support firms to treat borrowers affected by coronavirus fairly and to help borrowers to bridge the crisis to get back to a more stable financial position. If the borrower indicates that they continue or reasonably expect to continue, to face payment difficulties after receiving payment deferrals under the FCA Payment Deferral Guidance, then the Tailored Support Guidance applies and unless the borrower objects, the lender may capitalise the deferred amounts. The Tailored Support Guidance remains in force until varied or revoked.

The Tailored Support Guidance provides that at the end of the payment deferral period, no payment shortfall for the purposes of MCOB 13 will arise, where the accrued amounts are repaid (this includes where sums are capitalised or repaid in a lump sum) before the next payment is due. In all other cases,

mortgage lenders should regard those accrued amounts as a payment shortfall under MCOB 13 once the next payment falls due.

The FCA expects mortgage lenders to be flexible and employ a full range of short and long-term forbearance options to support their borrowers and minimise avoidable financial distress and anxiety experienced by customers in financial difficulty as a result of coronavirus. This may include short-term arrangements under which the lender permits the customer to make no or reduced payments for a specified period. However it should be noted that where after the end of a payment deferral period under the FCA Payment Deferral Guidance, a mortgage lender agrees to the customer making no or reduced payments for a further period (without changing the sums due under the contract) this will cause a payment shortfall that will be subject to MCOB 13 (where applicable).

The Tailored Support Guidance further provides in respect of deferral shortfalls (amount added to the shortfall because of any payment deferrals) that unless the borrower is unreasonably refusing to engage with the mortgage lender in relation to addressing the shortfall, a mortgage lender should not repossess the property without the borrower's consent solely because of a deferral shortfall. Further, in considering whether and when steps to repossess the property should be taken and whether all other reasonable attempts to resolve the position have failed, mortgage lenders should take into account that the shortfall arose by agreement with the mortgage lender and in exceptional circumstances and the borrower was not expected to address the shortfall during the payment deferral period and so may have had less time to address it.

The FCA makes clear in the FCA Payment Deferral Guidance and 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.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the COVID-19 outbreak in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the above guidance.

Additionally, on 16 June 2022 the FCA published a Dear CEO Letter that it had sent to more than 3,500 lenders to remind them of the standards they should meet as consumers across the country are affected by the rising cost of living. The FCA states that it considers that the Tailored Support Guidance referred to above, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Lenders will therefore need to assess whether and what further forbearance should be offered to borrowers in financial difficulty due to the cost of living crisis. On 7 December 2022, the FCA issued for consultation draft guidance entitled "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living". The guidance expressly states that it seeks to clarify the effect of the FCA's rules and principals rather than set out new expectations or requirements. It also expressly states that the purpose of the guidance is to ensure firms are clear about the effect of the FCA's rules and the range of options firms have to support their customers who are facing higher interest rates alongside other cost of living increases.

It is currently unclear what impact the cost of living crisis will have on the mortgages and loans sector and there can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the cost of living crisis which may impact the performance of the Mortgage Loans.

PPI

The FCA set a deadline of 29 August 2019 by which consumers needed to make any payment protection insurance complaints or lose their right to have them assessed by firms or the Ombudsman (although consumers continue to be able to bring claims in court). There is still a possibility that such deadline could be challenged in court or be subject to judicial review. A consumer may be able to also still submit

a complaint if they were sold the PPI policy after 29 August 2017, the complaint is about a claim being turned down by an insurer or the consumer can clearly show that there were exceptional circumstances that prevented them from making a complaint by the deadline.

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 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 will apply 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. These obligations (as with the remainder of the Consumer Duty) must be assessed on a regular basis throughout the life of the product.

The Consumer Duty 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.

Assured Shorthold Tenancy

Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales 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;
- (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 two-thirds of the rateable value at 31 March 1990; and

- (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.

Assured Tenancies do not exist in Northern Ireland.

General

No assurance can be given that additional legislation, regulations or guidance from Parliament, the FCA, the CMA, the PRA, the Ombudsman 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 as originator.

Potential effects of any additional regulatory changes

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the United Kingdom, the FCA (and previously its predecessor the FSA), the PRA and the CMA have recently carried out, or are currently conducting, several enquiries. In recent years there have been several issues in the UK financial services industry in which the FCA has intervened directly, including the sale of personal pensions, payment protection

insurance and the sale of mortgage-related endowments. No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller as originator.

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

On the Closing Date the Seller, the Issuer and the Security Trustee will enter into a mortgage sale agreement in respect of the sale by the Seller to the Issuer of the Loans and their Related Security comprising the Portfolio (the **Mortgage Sale Agreement**).

Portfolio

Under the terms of the Mortgage Sale Agreement, on the Closing Date, the Seller (in consideration for payment of the Consideration) will sell, assign or otherwise transfer the Loans comprising the Portfolio to the Issuer.

The Loans and Related Security comprising the portfolio in respect of the Transaction and all monies derived from the portfolio from time to time are referred to herein as the **Portfolio**.

The consideration paid to the Seller in respect of the sale of the equitable and beneficial interest in the Loans and their Related Security comprising the Portfolio on the Closing Date comprises (a) a purchase price amount (the **Purchase Price**); (b) deferred consideration consisting of Class S Certificate Payments and Residual Certificate Payments, the right to such payments represented by the issue of the Class S Certificates and the Residual Certificates respectively and (c) and certain other fees charged by the Seller to Borrowers in respect of its administration of the Mortgage Loans under the Mortgage Conditions, including with respect to the early termination of a Mortgage Loan or the enforcement of the Loans (together, the **Servicing Related Fees**) which shall be paid to the Seller as and when they are identified by the Servicer on behalf of the Issuer (the **Consideration**).

The consideration attributable to Servicing Related Fees on the Loans will be paid (as and when received and identified) outside of the Priorities of Payments from the payments made by Borrowers in respect of the Loans on or after the Closing Date.

Product Switches, Further Advances, Flexible Drawings and Retention Drawings, Underpayments and Payment Holidays

The sale of the Loans and their Related Security comprised in the Mortgage Portfolio do not impose or include any obligation on the Issuer: (i) to pay or make any Flexible Drawings or Retention Drawings; (ii) to pay or make any Further Advances; (iii) to agree to a Product Switch; or (iv) to agree to any Underpayment that cannot be funded by accrued Overpayments and the obligations referred to in paragraphs (i) to pay or make any Flexible Drawings or Retention Drawings; (ii) to (v) above (if any) remain an obligation of the Seller, notwithstanding the sale of such Loans and their Related Security to the Issuer.

If a Borrower requests a Product Switch where the relevant Borrower will be entering into a replacement loan with another lender (including within the Lloyds Banking Group) the Loan shall be redeemed in full and no new Loan will be sold by the Seller to the Issuer and form part of the Portfolio. Any amounts received from a redemption of a Loan shall be applied as Available Revenue Receipts (to the extent the proceeds do not relate to principal) and as Available Principal Receipts, as applicable.

If the Servicer, on behalf of the Issuer, agrees under the Mortgage Conditions to a Repurchase Product Switch, the Issuer shall serve a Loan Remedy Notice to the Seller and the Seller will be required to repurchase any such Loan and its Related Security that is subject to the Repurchase Product Switch. The Seller will be required to repurchase the relevant Loan and its Related Security from the Issuer at a price equal to the Current Balance of the relevant Loan. Completion of such repurchase shall take

place within two Business Days of the end of the calendar month in respect of which the relevant Loan Remedy Notice was received by the Seller.

If the Servicer, on behalf of the Issuer, agrees under the Mortgage Conditions to a Permitted Product Switch, the Loan and its Related Security shall remain in the Portfolio.

If the Servicer, on behalf of the Issuer, agrees that the Mortgage Conditions require an advance of a Flexible Drawing or a Retention Drawing and subject to the relevant Borrower satisfying any conditions under the relevant Mortgage Conditions, or the Servicer, on behalf of the Issuer, determines that the Protective Advance is required to protect the security of the relevant Loan, the Servicer will provide to the Issuer (copied to the Seller and the Cash Manager) with the Drawing Notice, setting out the details of such Flexible Drawing, Retention Drawing or Protective Advance (including the amount required to be paid by the Issuer). The equitable and beneficial interest in any such Flexible Drawings, Retention Drawings or Protective Advances will be sold by the Seller to the Issuer and will form part of the Portfolio. Any such Flexible Drawing, Retention Drawing or Protective Advance will be purchased by the Issuer to the extent of Principal Receipts standing to the credit of the Transaction Account.

Based on the information contained in the Drawing Notice, the Cash Manager shall debit available Principal Receipts standing to the credit of the Transaction Account and transfer such amount to the Servicer. Flexible Drawings, Retention Drawings and Protective Advances will be purchased in the order approved.

In the event that the Issuer does not have sufficient funds available to purchase any such Flexible Drawing, Retention Drawing or Protective Advance within six months of the making by the Seller of such Flexible Drawing, Retention Drawing or Protective Advance (as applicable), then the Seller shall repurchase the relevant Loan and its Related Security together with any other Loan secured or intended to be secured by such Related Security or any part of it, in accordance with the Mortgage Sale Agreement, for a consideration equal to (i) in respect of a Loan that is not in arrears, the Current Balance of such Loan or (ii) in respect of a Loan subject to a Protective Advance that is in arrears, the fair market value of such Loan.

The Issuer is not obliged to make Further Advances and Principal Receipts shall not be applied by the Issuer in purchasing Further Advances and the Servicer shall not agree to make any Further Advance in accordance with the terms of the Servicing Agreement. If a Borrower requests a Further Advance, the Servicer may suggest that the Borrower should seek an alternative loan from another member of the Lloyds Banking Group which will result in the Borrower's existing Loan in the Mortgage Portfolio is redeemed in full.

The Servicer will provide to the Issuer and the Cash Manager the relevant monthly Servicer Report detailing the Flexible Drawings, Retention Drawings and Protective Advances advanced to Borrowers during the immediately preceding Collection Period.

Any Loans subject to an Underpayment or a Payment Holiday will continue to be owned by the Issuer.

Representations and Warranties and Seller's undertaking

On the Closing Date, the Loan Warranties will be given by the Seller to the Issuer in respect of the Loans and their Related Security.

The warranties that will be given to the Issuer and separately to the Security Trustee by the Seller pursuant to the Mortgage Sale Agreement (the **Loan Warranties**) include, inter alia, similar statements to the effect set out below (defined terms having the meaning given to them in the Mortgage Sale Agreement), and see also "*The Loans*" above. For the purposes of the Loan Warranties, references to the "knowledge" or "awareness" of the Seller (or similar phrases) shall be limited to the actual

knowledge of the individuals who are part of the (i) GCT Capital Optimisation & Securitisation team and (ii) Consumer Lending Homes team and have been directly involved in the preparation and negotiation of the Transaction Documents and management of the transaction or management of the Loans.

1. each Loan was originated by the Seller in pounds sterling and is denominated in pounds sterling and may not be changed by the relevant Borrower to any other currency;
2. as of the Cut-off Date, the information relating to the Loans provided pursuant to the Data Tape is true and accurate in all material respects;
3. each Loan had a maximum LTV Ratio of 100 per cent. at the point of origination;
4. each Loan and Related Security was executed and remains substantially on the terms of the Standard Documentation without any material variation thereto subject only to such exceptions made on a case by case basis as would be acceptable to a Reasonable Prudent Mortgage Lender;
5. prior to the making of each advance under a Loan, the Lending Criteria and all preconditions to the making of any Loan were satisfied in all material respects subject only to such exceptions made on a case by case basis as would be acceptable to a Reasonable Prudent Mortgage Lender);
6. all of the Borrowers are individuals and were aged 18 years or older at the date of origination of the relevant Loan;
7. at least two monthly payments have been made in respect of each Loan;
8. there are no Borrowers that are employees of the Seller as of the Closing Date;
9. the whole of the Outstanding Principal Balance on each Loan, including any arrears of interest and all accrued interest is secured by a Mortgage;
10. 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, subject only in certain appropriate cases to applications for registrations at the Land Registry or Registers of Scotland which where required have been made or are pending and, in relation to which, the Seller is not aware of any notice or any other matter that would prevent such registration;
11. all of the Properties are in England, Wales, Scotland or Northern Ireland;
12. all Mortgage Loans are governed by the laws of England and Wales, Scotland or Northern Ireland;
13. each property constitutes a separate completed dwelling unit (subject to such limited case by case exceptions as would be acceptable to a Reasonable Prudent Mortgage Lender and is either freehold, leasehold or (in Scotland) heritable or held under a long lease);
14. each Loan in the Portfolio is either a Variable Rate Loan, a Tracker Rate Loan or a Fixed Rate Loan;
15. prior to the taking of each Mortgage (other than a re-mortgage), the Seller (a) instructed its solicitor, licensed conveyancer or (in Scotland) qualified conveyancer to carry out an investigation of title to the relevant property and to undertake such 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, licensed conveyancer or qualified conveyancer as are set out in the relevant CML Lenders' Handbook as applied to the jurisdiction in which the relevant property was located as varied from time to time and before the introduction of the relevant CML Lenders' Handbook in accordance with the generally established standards of a reasonably competent solicitor, licensed conveyancer or qualified conveyancer as applied in the jurisdiction in which the relevant property was located, subject only to such variations as would be acceptable to a Reasonable Prudent Mortgage Lender and (b) received a certificate of title from such solicitor, licensed conveyancer or qualified conveyancer relating to such property, the contents of which would have been acceptable to a Reasonable Prudent Mortgage Lender at that time;

16. the terms of each Loan in the Portfolio required the relevant Borrower to have insurance cover for the relevant property;
17. the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be sold and/or assigned by (and/or held in trust by) the Seller to or for the Issuer under the Mortgage Sale Agreement;
18. neither the entry by the Seller into the Mortgage Sale Agreement nor any transfer, trust, assignment or assignation contemplated by the Mortgage Sale Agreement affects or will adversely affect any of the Loans and their Related Security and the Seller may freely transfer, assign or hold on trust 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;
19. each Loan and its Related Security is valid, binding and enforceable in accordance with its terms and is non-cancellable, except in relation to any term of any Loan or its Related Security, that is not binding by virtue of the UTCCR as amended, extended or re-enacted from time to time;
20. to the best of the Seller's knowledge, none of the terms which the Seller relies upon and expects to enforce of any Loan or its Related Security are not binding by virtue of their being unfair within the meaning of the UTCCR as amended, extended or re-enacted from time to time;
21. the Seller has, since the making of each Loan, kept or procured the keeping of, to standards acceptable to a Reasonable Prudent Mortgage Lender, full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to such Loan and all Title Deeds, Loan Files and Valuation Reports in respect of such Loan, in the possession of the Seller or held to its order;
22. there are no authorisations, permissions, 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 and enforceable;
23. to the extent any agreement for a Loan or any part of it is or has ever been a regulated agreement or treated as such under the CCA or is or has ever been a linked transaction under the CCA, in respect of the Loan:
 - (a) the Seller has at all relevant times held an appropriate consumer credit licence as required under the CCA; and
 - (b) all material requirements of the CCA have been met.
24. each Loan and its Related Security was originated in accordance with all Applicable Laws (save for the UTCCR, as to which no statement is made in this paragraph);

25. each Mortgage Loan and its Related Security has been serviced in accordance with its terms and all Applicable Laws;
26. at the time of origination of the relevant Mortgage Loan a valuation of the relevant Mortgaged Property was undertaken or was made available to the Seller that would be acceptable to a Reasonable Prudent Mortgage Lender;
27. to the best of the Seller's knowledge and belief, no Borrower is in breach of any material obligation owed in relation to that Loan and/or its related Mortgage which would materially reduce the value of a Loan (other than in relation to any payment default in respect of those Loans (including any failure to pay any ground rent or service charge in relation to the relevant Mortgaged Property) and would result in a Reasonable Prudent Mortgage Lender taking enforcement action;
28. to the best of the Seller's knowledge, other than where required to comply with any applicable law, court order, regulation or requirement of any governmental, tax or regulatory body, the Seller has not, in writing, waived or acquiesced in any breach of any of its rights in respect of a Loan or its related Mortgage which would materially reduce the value of a Loan as at the Cut-off Date, other than in relation to any payment default in respect of those Loans, or waivers and acquiescence such as a Reasonable Prudent Mortgage Lender might make on a case by case basis;
29. the Seller has not received written notice of any material litigation or claim (which would be reasonably likely to be upheld in favour of a Borrower and which, if so upheld, would materially reduce the value of a Loan) calling into question in any material way its title to any Mortgage Loan and/or its Related Security;
30. to the best of the Seller's knowledge and belief, no Property has been let or sub-let otherwise than by way of: (a) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1988; (b) a short assured tenancy which meets the requirements of Section 32 of the Housing (Scotland) Act 1988; (c) a private residential tenancy in terms of the Private Housing (Tenancies) (Scotland) Act 2016; or (d) any other tenancy which could be acceptable to a Reasonable Prudent Mortgage Lender;
31. to the best of the Seller's knowledge and belief, in respect of each Loan at origination, each Borrower was then incorporated, or in the case of natural persons, resident in the United Kingdom;
32. to the best of the Seller's knowledge and belief, no lien or right of set-off or counterclaim has been created or arisen between the Borrower and the Seller, which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan;
33. no Loan advanced to a Borrower that is an individual which is assigned under the Mortgage Sale Agreement 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 or a "chargeable interest" for the purposes of section 48 of the Finance Act 2003 section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013 or section 4 of the Welsh Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017; and (ii) none of the property (other than the Loans) which is assigned under the Mortgage Sale Agreement consists of or includes any "stock" or "marketable securities" within the meaning of section 125 of Finance Act 2003, "chargeable securities" for the purposes of section 99 Finance Act 1986 or a "chargeable interest" for the purposes of section 48 of the Finance Act 2003, section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013 or

section 4 of the Welsh Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017;

34. no Borrower is a Sanctioned Person and so far as the Seller is aware and to the best of its knowledge no Borrower is a resident in a Sanctioned Country; and
35. so far as the Seller is aware and to the best of its knowledge no Borrower was at the time of origination of the relevant Loan resident in a Sanctioned Country as the relevant Sanctions were in effect as at the applicable date of origination.

In addition, under the Mortgage Sale Agreement, the Seller has undertaken to the Issuer and the Security Trustee on the Closing Date that, in the event that (i) any relevant Borrower and the Seller agree, (ii) the Financial Ombudsman Service issues a final decision or a UK court issues a judgment and such decision or judgment is not being challenged by the Seller (through judicial review or appeal proceedings, or if judicial review or appeal proceedings have taken place, they have not resulted in a change to the relevant decision or judgment) or prepared to be challenged, (iii) a direction, decision, agreement or compromise or guidance of the FCA or (iv) the Seller decides (including, without limitation in anticipation of (or to avoid the occurrence of) the occurrence of an event under (ii) or (iii)), that in relation to any Loan:

- (a) any relevant commission, the amount of the relevant commission or fee or equivalent remuneration paid by the Seller or another member of the Lloyds Banking Group (as applicable) to the relevant Borrower's broker or independent financial adviser or intermediary was not disclosed at or before origination of that Loan; or
- (b) payment protection was mis-sold to the relevant Borrower by the Seller or another member of the Lloyds Banking Group (as applicable), any commission paid by the insurer to the Seller or another member of the Lloyds Banking Group (as applicable) or such other act or omission by the Seller or another member of the Lloyds Banking Group (as applicable) gave rise to an unfair relationship between the Seller and the Borrower under the CCA,

and in each case that compensation should be paid to the relevant Borrower or a balance adjustment or reduction in interest rate should be made to the relevant Loan, then the Seller shall give notice in relation to that Loan to the other parties to the Mortgage Sale Agreement. For the purposes of the undertaking above, such notice shall be deemed to be and treated as if it were a notice of breach of Loan Warranty and the Seller shall be deemed to be in breach of a Loan Warranty (which shall therefore be covered by the indemnity provided by Bank of Scotland to the Issuer for amounts owed by the Seller to the Issuer in the event that the Seller fails to make a repurchase from, or indemnity payment to, the Issuer in respect of breaches of Loan Warranties described below) to the effect that no such matter referred to in sub-paragraphs (a) or (b) as appropriate had occurred as at the Closing Date, that such breach is not capable of remedy and that the Issuer may serve in relation to that Loan a Loan Remedy Notice in relation to such matter and the remedies for a breach of Loan Warranties shall apply (see section "*Obligation of Seller to make an indemnity payment and option to repurchase*").

The obligation on the Seller to indemnify the Issuer pursuant to the undertaking above shall survive the termination of the Mortgage Sale Agreement until the date falling 20 years from the Closing Date (at which point such obligation shall terminate) and the Issuer may assign the benefit of the undertaking above to the new beneficial title holder when the Mortgage Loans are sold to a new beneficial title holder and each beneficial title holder of the Mortgage Loans may transfer the benefit of this undertaking to any future beneficial title holder and may disclose the terms of this indemnity to such assignee, its affiliates and financiers and the Issuer, the Servicer, the Seller and Bank of Scotland agree to such assignment and any subsequent assignment and disclosure.

SVR Target Compensation Payment

During the SVR Compensation Period, the Servicer shall promptly determine at the end of each Collection Period whether an SVR Adjustment Event has occurred or not for each such Collection Period. If an SVR Adjustment Event occurs during the SVR Compensation Period, the Servicer (as soon as practicable after becoming aware) shall promptly notify the Seller, the Security Trustee, the Issuer and the Portfolio Option Holder or their nominee of the SVR Adjustment Event.

If an SVR Adjustment Event occurs during the SVR Compensation Period,

- (a) if the Standard Variable Rate as a result of an SVR Adjustment Event has fallen below a rate equal to the SVR Target (an **SVR Target Event**), following the end of the relevant Collection Period during which the SVR Target Event occurred, the Seller shall calculate and pay to the Issuer an amount in cash equal to the product of:
 - (i) the SVR Target less the Adjusted Standard Variable Rate, as at the date of the SVR Target Event;
 - (ii) the Capital Balance of the SVR Loans on the first day of the relevant Collection Period; and
 - (iii) the actual number of days from (and including) the date of the SVR Target Event to the end of the relevant Collection Period divided by 365,

(such amount being the **Initial SVR Target Compensation Payment**).

- (b) as at the first day of each Collection Period commencing following an SVR Target Event (which may occur at any time following an SVR Adjustment Event on one or more occasions), if the Standard Variable Rate as a result of an SVR Adjustment Event is below a rate equal to the SVR Target, following the end of each such Collection Period, the Seller shall calculate and pay to the Issuer an amount in cash equal to the product of:
 - (i) the SVR Target less the Adjusted Standard Variable Rate, in each case as at the first day of the relevant Collection Period;
 - (ii) the Capital Balance of the SVR Loans on the first day of the relevant Collection Period; and
 - (iii) the actual number of days in the relevant Collection Period divided by 365,

(such amount together with the Initial SVR Target Compensation Payment being the **SVR Target Compensation Payment**).

SVR Remediation Indemnity

The Seller shall indemnify the Issuer (or other beneficial title holder of the Mortgage Loans at that time) promptly on demand, and on an after-tax basis, in respect of related: (i) amounts that TMB as Legal Title Holder or Servicer, the Legal Title Transferee or the replacement servicer is required to pay in compensating (or providing restitution to or crediting) Borrowers, or crediting to their accounts by way of balance adjustment or otherwise, in each case to the extent any such amounts are not incurred at the cost of TMB; (ii) reasonable, properly incurred and duly documented costs and expenses of the Legal Title Transferee or replacement servicer in disputing, resisting, contesting, defending, settling or appealing claims, complaints or matters (as the case may be) and reasonable, properly incurred and duly documented costs/expenses of successfully defending such claims, complaints or matters; and (iii)

amounts arising from a Borrower exercising set-off rights, in each case that result in a loss, cost or expense to the Issuer (or other beneficial title holder of the Mortgage Loans at that time) as a result of an SVR Adjustment Decision, provided that such indemnity shall exclude any amounts arising in circumstances where the relevance of such SVR Adjustment Decision to the Mortgage Loans or Borrowers is attributable to the adoption of a methodology or practice by a subsequent servicer or Legal Title Transferee with respect to standard variable rate setting that differs materially from that of Bank of Scotland, and for the avoidance of doubt without duplication if any such amount also constitutes an SVR Target Compensation Payment paid by the Seller.

Definitions:

Adjusted Standard Variable Rate means:

- (a) whilst TMB is the Legal Title Holder of the Mortgage Loans, the discretionary rate administered by TMB; or
- (b) following the transfer of the legal title to the Mortgage Loans to a successor legal title holder the Legal Title Holder Transferee, the higher of:
 - (i) the then Standard Variable Rate as set by the Legal Title Holder Transferee at such time; and
 - (ii) the then Bank of England Base Rate at such time plus a margin equal to (X) the Standard Variable Rate as set by the Legal Title Holder Transferee immediately after the SVR Adjustment Event less (Y) the Bank of England Base Rate immediately after the SVR Adjustment Event;

Capital Balance of the SVR Loans means the sum of: (i) the Capital Balance of SVR Loans that have made a full required payment of interest for the relevant month during the relevant Collection Period plus (ii) the Capital Balance of the SVR Loans that have made a partial payment of the required interest for the relevant month during the relevant Collection Period multiplied by the percentage that such partial payment of interest made is to the full required payment of interest to be paid for such Collection Period plus (iii) the Capital Balance of SVR Loans that have made any payments in respect of any previously unpaid interest amounts for a Collection Period in respect of such underpayments of interest that occurred after the SVR Adjustment Event (such payments of previously unpaid interest being **Interest Make-Up Amounts**) multiplied by the percentage that such Interest Make-Up Amounts are to the full required payment of interest which were due to be paid for such Collection Period;

Cut-off Date means 31 October 2022.

Data Tape means the data tape in respect of the Mortgage Loans as at the Cut-off Date, in the form agreed the Seller and the Issuer.

Independent Expert means a chartered accountant of at least 5 years' standing at an independent firm of chartered accountants in the UK of international repute to be agreed by the Servicer, the Issuer or the Portfolio Option Holder or their nominees or, failing agreement within fifteen (15) Business Days of such referral, to be appointed at the joint request and application of each of the Servicer, the Issuer or the Portfolio Option Holder or their nominees by the President at such time of the Institute of Chartered Accountants in England and Wales (and, if such joint request and application is not made within fifteen (15) Business Days, either party may make such a request and application unilaterally by obtaining a court order in connection therewith, and in such circumstances the party that has not sought such court order shall be prohibited from challenging or defending the awarding of such court order) and:

- (a) the independent chartered accountant shall be bound to consider submissions by each of the Servicer, the Issuer and the Portfolio Option Holder or their nominees and their respective professional advisers;
- (b) the costs of the each of the Servicer, the Issuer and the Portfolio Option Holder (other than the Security Trustee and any Agent) in connection with the referral of any matter in dispute hereunder shall be borne as the Parties shall agree or in default of agreement as such independent chartered accountant shall determine; and
- (c) the determination of the matter in dispute by that independent chartered accountant acting as an expert and not as arbitrator shall (in the absence of manifest error) be final and binding on the Servicer, the Issuer or the Portfolio Option Holder or their nominees;

Lending Criteria means, in respect of a Loan, the relevant lending criteria applied by the Seller as originator in respect of that Loan and its Related Security as such criteria applied at the date on which the relevant Loan was made.

Reasonable Prudent Mortgage Lender means the seller and/or the servicer, as applicable, acting in accordance with the standards of a reasonably prudent residential mortgage lender lending to borrowers in England, Wales, Scotland and Northern Ireland who generally satisfy the lending criteria of traditional sources of residential mortgage capital.

Standard Variable Rate means:

- (a) whilst TMB is the Legal Title Holder of the Mortgage Loans, the discretionary rate administered by TMB; or
- (b) following the transfer of the legal title to the Mortgage Loans to a successor legal title holder (the **Legal Title Holder Transferee**), the discretionary rate administered by the Legal Title Holder Transferee in respect of the Mortgage Loans.

SVR Adjustment means the change in interest rate payable by the Borrower in respect of the SVR Loans being reduced, capped or charged.

SVR Adjustment Event means:

- (a) (i) the Financial Ombudsman Service issues a final decision or a UK court issues a judgment and such decision or judgment is not being challenged (through judicial review or appeal proceedings, or if judicial review or appeal proceedings have taken place, they have not resulted in a change to the relevant decision or judgment) or prepared to be challenged; (ii) a direction, decision, agreement or compromise or guidance of the FCA or (iii) the Seller decides acting reasonably in anticipation of (or to avoid the occurrence of) the occurrence of an event under (i) or (ii), that the Standard Variable Rate of interest in respect of the SVR Loans was set at a level which was unfair or for any other reason should have been lower than that applied to the SVR Loans across the Portfolio (any of (i), (ii) and/or (iii) being an **SVR Adjustment Decision**, such term to also include (for the purposes of paragraph (b) below, any such decision, judgment, direction or guidance in respect of mortgage loans other than Mortgage Loans in the Portfolio) and the SVR Loans being subject to an SVR Adjustment as a result of any such SVR Adjustment Decision; or
- (b) if an SVR Adjustment Decision occurs in respect of mortgage loans other than the Mortgage Loans in the Portfolio and, as a result thereof, either (i) the then TMB or Legal Title Transferee, acting reasonably and in a manner commensurate with the determination of a Reasonable Prudent Mortgage Lender; or (ii) TMB (or its delegate), determines that the interest rate payable

by the Borrowers under the SVR Loans across the Portfolio must be subject to an SVR Adjustment as a result of any generally applicable statement of policy expressed in such SVR Adjustment Decision or any market precedent established by such SVR Adjustment Decision,

provided that this definition shall exclude circumstances where the relevance of such SVR Adjustment Decision to the Mortgage Loans or Borrowers is attributable to the adoption of a methodology or practice by a subsequent servicer or Legal Title Transferee with respect to standard variable rate setting that differs materially from that of Bank of Scotland.

SVR Compensation Period means the period from Closing Date to the date falling seven years from the Closing Date.

SVR Loans means the Mortgage Loans in the Portfolio that are subject to the Standard Variable Rate.

SVR Target means a rate equal to:

- (a) a rate equal to (i) the Halifax Homeowner Variable Rate (the **HHVR**) immediately prior to any reduction in the HHVR or the Standard Variable Rate as a result of an SVR Adjustment Decision less (ii) the Bank of England Base Rate that was used to set the HHVR in place at date of such reduction in the HHVR or Standard Variable Rate as a result of an SVR Adjustment Decision; plus
- (b) the then Bank of England Base Rate plus 0.50 per cent. as at the first day of the relevant Collection Period;

None of the Security Trustee, the Joint Arrangers or the Joint Lead Managers have undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the representations and warranties referred to above which will be made by the Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

On the Closing Date the Seller will also provide certain corporate warranties to the Issuer, including that there are no governmental authorisations, approvals, licences or consents required for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to render the Transaction Documents to which it is party admissible in evidence in a court in England and Wales.

Obligation of Seller to make an indemnity payment and option to repurchase

If any of the Loan Warranties in respect of a Loan and/or its Related Security proves to have been untrue on the Closing Date and such breach is not capable of remedy within the agreed grace period or, if capable of remedy, is not remedied within the agreed grace period, the Seller shall (subject to certain limitations below) be required to either (i) pay the MSA Warranty Indemnity Amount or, at its option, (ii) repurchase the relevant Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) (as further described below).

If the Seller does not opt to repurchase the relevant Loan and its Related Security, the Seller shall (subject to certain limitations described below) indemnify (on an after-Tax basis) and keep indemnified (on an after-Tax basis) the Issuer against all MSA Relevant Liabilities relating to the breach of the Loan Warranty.

The MSA Warranty Indemnity Amount to be paid by the Seller for any such indemnification shall be an amount sufficient to indemnify (on an after-Tax basis) and keep indemnified (on an after-Tax basis) the Issuer against all Liabilities relating to the breach of Loan Warranty, provided that the amount payable by the Seller pursuant to such indemnity shall not exceed an amount equal to the Current Balance of such Loan(s) as at the date of such indemnification payment prior to any deductions or

downward balance adjustment or payments that may have been applied or made in respect of, remediation, claims or set-off related to the relevant Loan Warranty for which such Loan and its Related Security (together with any other Loan secured or intended to be secured by such Related Security or any part of it) is being indemnified plus the Issuer's costs and expenses (if any) associated with the indemnity payment. As described and subject to the above, however, if the Seller so chooses, instead of indemnifying the Issuer (on an after Tax basis) against all Liabilities relating to the breach of Loan Warranty (as the case may be), the Seller may repurchase the relevant Loan and its Related Security at the Repurchase Price (together with any other Loan secured or intended to be secured by such Related Security or any part of it).

Under the Mortgage Sale Agreement, Bank of Scotland has provided an indemnity to the Issuer in respect of the indemnity amounts owed by the Seller to the Issuer in the event that the Seller fails to make such a repurchase from, or indemnity payment to, the Issuer in respect of breaches of Loan Warranties.

Bank of Scotland has also provided an indemnity in respect of all other payment obligations of TMB under the Transaction Documents.

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.

Title to the Mortgages and Perfection

The Issuer (or, following the delivery of an Enforcement Notice, the Security Trustee) may by notice in writing (a **Perfection Notice**) to the Seller (with a copy to the Security Trustee, the Issuer, Sponsor Administrator and the Servicer, as applicable) require the Seller to complete the transfer by way of the assignment or assignation to the Issuer (or to its nominee) of the legal title to the Loans and their Related Security as soon as reasonably practicable, following the occurrence of any of the following events (each a **Perfection Trigger Event**):

- (a) the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (b) the Legal Title Holder is required to perfect the Issuer's legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority of which the Legal Title Holder is a member or any organisation whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder to comply;
- (c) it becomes necessary by law or regulation;
- (d) the security created under or pursuant to the Deed of Charge or any material part of that security is in the opinion of the Security Trustee in jeopardy;
- (e) the occurrence of any Servicer Termination Event in circumstances where a replacement servicing agreement on substantially the same terms has not been entered into with an entity within the Lloyds Banking Group following the expiry of all applicable grace periods; or
- (f) an Insolvency Event in relation to the Legal Title Holder.

The Seller shall, as soon as reasonably practicable following the delivery of a Perfection Notice, do such acts, matters and things as the Issuer reasonably requires the Seller to do in order to give effect to

the terms of the assignments, assignations and transfer of legal title contemplated in the Mortgage Sale Agreement, including:

- (a) executing or procuring the execution of the transfers and other documents referred to in the Mortgage Sale Agreement;
- (b) providing a bulk transfer of Direct Debit mandates, to the extent this is possible under the Direct Debiting Scheme or any replacement direct debiting scheme;
- (c) in the case of all Borrowers who do not make payment by Direct Debit, ensuring that such Borrowers are instructed to make all payments under the Mortgage Loans directly to the Transaction Account or such replacement bank account as the Issuer (with the prior written consent of the Security Trustee) requires;
- (d) promptly upon request by the Issuer (and following the delivery of an Enforcement Notice, the Security Trustee), procuring (on behalf of the Issuer) that any notices which the Issuer (or the Security Trustee, as applicable) may require the Seller to give pursuant to the Mortgage Sale Agreement are so given by the Seller; and
- (e) giving to the Issuer (copied to the Seller and, following the delivery of an Enforcement Notice, the Security Trustee) notice of the completion of registration or recording of the transfer of all the Mortgages and other acts required to perfect the transfer of the relevant Mortgage Loans and their Related Security to the Issuer or the nominee of the Issuer.

The Issuer will, as soon as reasonably practicable following receipt of notification to it or its agents from the Seller of completion of the registration or recording of the transfer of all of the relevant Mortgages and other acts required to perfect the transfer of the relevant Loans and their Related Security to the Issuer or its nominee, give notice thereof to the successor legal title holder and, following the delivery of an Enforcement Notice, the Security Trustee.

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it is governed by English law, save for any matters which are particular to the laws of Northern Ireland which shall be governed by the laws of Northern Ireland and certain documents supplemental to the Mortgage Sale Agreement which shall be governed by Scots law.

In this Prospectus, the capitalised terms below have the following definitions:

Block Buildings Policy means any block buildings insurance policy (if any) which relates to Loans in the Mortgage Portfolio from time to time.

Building Policies means all buildings insurance policies and other contracts relating to freehold or heritable Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Seller or in the name of the Borrower with the Seller's interest noted, in accordance with the applicable Mortgage Conditions or the alternative insurance arrangements, including, without limitation, any Block Buildings Policy and all landlord's buildings insurance policies relating to leasehold properties including properties in Scotland held under a long lease.

Business Day means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for general business in London.

Calculation Date means the fifth Business Day preceding each Interest Payment Date.

Certificate of Title means a solicitor's or licensed conveyancer's report 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.

Collection Period means each period from (and including) the first day in a calendar month to (and including) the last day of that same calendar month and provided that the first Collection Period shall commence on and include 1 November 2022 until and include 31 March 2023.

Flexible Loan means a type of Loan that (subject to certain conditions) gives the Borrower access to flexible options including a drawdown facility in an amount agreed with the Seller, the ability to make Overpayments or Underpayments and/or take a Payment Holiday.

Guarantee means each guarantee in support of the obligations of a Borrower under a Loan, and **Guarantees** means any or all of the guarantees.

Insurance Contracts means any insurance contracts or policies arranged by the Seller as originator from time to time relating to the Loans in the Mortgage Portfolio, including any Building Policies.

Legal Title Transferee means any person to whom the Seller as legal title holder transfers the legal title to the Loans, subject to the terms of the Portfolio Option Deed Poll.

Loan or Mortgage Loan means, unless specified otherwise, the mortgage loans sold and (as applicable) assigned by the Seller to the Issuer pursuant to the terms of the Mortgage Sale Agreement and referenced by its loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all Further Advances and Flexible Drawings) due or owing with respect to that Loan under the relevant Mortgage Conditions to which such Loan is subject by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same, 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 and is no longer beneficially owned by the Issuer.

Loan Agreement means, in relation to a Loan, the loan agreement entered into between the relevant Borrower and the Seller as originator, as amended and/or restated from time to time.

Loan Files means the file or files relating to each Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing, inter alia and where applicable, correspondence between the Borrower and the Seller as originator and including mortgage documentation applicable to each Loan, each letter of offer for that Loan, the Valuation Report and the Certificate of Title (where available), whether in original form or otherwise.

MHA/CP Documentation means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby.

Mortgage means a first ranking legal charge or legal mortgage or standard security secured over a Mortgaged Property located in England, Wales, Scotland or Northern Ireland, which was sold, assigned or transferred by the Seller to the Issuer pursuant to the Mortgage Sale Agreement and which secures the repayment of the relevant Loan pursuant to the Mortgage Conditions applicable to it.

Mortgage Conditions means in respect of a Loan, all the terms and conditions of the Loan, all the conditions documented in the relevant offer letters and the general conditions of the Seller as originator, each as varied from time to time by the relevant Loan Agreement, the relevant Mortgage Deed and the Offer Conditions.

Mortgage Deed means, in respect of any Mortgage, the deed in written form creating such Mortgage (being in respect of any Scottish Loans, a standard security).

Mortgaged Property or **Property** means, in relation to any Loan, the freehold, leasehold, heritable or commonhold residential property in England, Wales, Scotland or Northern Ireland and all rights and security attached or appurtenant or related thereto and all buildings and fixtures thereon which are subject to the Mortgage securing repayment of such Loan.

Offer Conditions means in respect of a Loan, the terms and conditions applicable to such Loan as set out in the offer letter to the relevant Borrower.

Ombudsman means the Financial Ombudsman Service or any successor entity that assumes its relevant functions.

Prudent Mortgage Servicer means a servicer acting in accordance with the standards of a reasonably prudent residential mortgage servicer servicing owner-occupied or buy-to-let Loans and their collateral security in England, Wales Scotland or Northern Ireland which have the same or similar characteristics to the Mortgage Loans.

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.

Reference Date means 30 September 2022.

Related Security means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement, including (without limitation):

- (a) the benefit of all affidavits, declarations, consents, renunciations, Guarantees, indemnities, waivers and postponements (including, without limitation and deeds of consent and MHA/CP Documentation relating to the relevant Mortgaged Property) from occupiers and other persons having an interest in or rights in connection with the relevant Mortgaged Property;
- (b) each right of action of the Seller as legal title holder against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each certificate of title and valuation report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Seller as originator to make or offer to make all or part of the Loan; and
- (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including, the relevant Insurance Contracts and charges) deposited, charged, obtained or held in connection with the relevant Loan, Mortgage and/or Mortgaged Property and relevant Loan Files.

Sanctioned Country means any country, region or territory that is the subject or target of comprehensive or country or territory-wide Sanctions, including, without limitation, the North Korea, Syria, Iran, Cuba and the Crimea, Donetsk, Luhansk, Zaporizhzhia and Kherson regions of Ukraine;

Sanctioned Person means a person that is (i) listed on, owned or controlled by or acting for or on behalf of any person listed on any Sanctions List, (ii) located in, incorporated or organised under the laws of,

or owned (directly or indirectly) or controlled by, or acting on behalf of, a person located in, incorporated or organised under the laws of, a Sanctioned Country, or (iii) otherwise a person with whom a person subject to the jurisdiction of a Sanctions Authority would be prohibited or restricted by Law from engaging in trade, business or other activities.

Sanctions means the economic or trade sanctions, laws, regulations, embargoes or restrictive measures promulgated, administered, enacted or enforced from time to time by a Sanctions Authority.

Sanctions Authority means the following or any other relevant sanctions authority:

- (a) the United States government;
- (b) the United Nations;
- (c) the United Nations Security Council;
- (d) the European Union;
- (e) the member states of the European Union;
- (f) the United Kingdom; or
- (g) the respective governmental and official institutions and agencies of any of the foregoing, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury (**OFAC**), the United States Department of State, and His Majesty's Treasury (**HMT**).

Sanctions List means the "Specially Designated Nationals and Blocked Persons" list maintained by OFAC, the "Foreign Sanctions Evaders List" maintained by OFAC, the Sectoral Sanctions Identifications List maintained by OFAC or any similar list maintained by, or public designation of Sanctions made by, any Sanctions Authority.

Standard Documentation means the standard documentation of the Seller as originator being the documents which were used by it at the relevant time in connection with its activities as a residential mortgage lender, a list or CD of which is set out in or appended to Exhibit 1 to the Mortgage Sale Agreement, or any update or replacement therefor as permitted by the terms of the Mortgage Sale Agreement.

Tax or **tax** means any present or future tax and any levy, impost, duty, charge, fee, deduction or withholding in the nature of tax (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any jurisdiction or any sub-division of it or by any authority in it having power to tax, and taxes, taxation, taxable and comparable expressions shall be construed accordingly.

Title Deeds means, in relation to a Loan, the deed constituting the relevant Mortgage and any documents of title to the relevant Mortgaged Property and to the Related Security.

Transaction means the transaction contemplated by the Transaction Documents.

Underpayment means a payment by a Borrower in an amount less than the Contractual Monthly Payment then due on the Mortgage Loan.

Valuation Report means the valuation report or reports for mortgage purposes, obtained by the Seller as originator from a valuer in respect of each Mortgaged Property or a valuation report in respect of a

valuation made using a methodology which would be acceptable to a Reasonable Prudent Mortgage Lender.

Sponsor Administration Agreement

The Sponsor Administrator will be appointed pursuant to the sponsor administration agreement entered on or about the Closing Date by, among others, the Seller, the Issuer and the Sponsor Administrator (the **Sponsor Administration Agreement**) to provide certain services (the **Sponsor Administration Services**) to the Seller, which will include:

- (a) consulting with the Seller and the Issuer if the Sponsor Administrator elects to in respect of any actions reasonably necessary to protect the Issuer's interests in the Mortgage Loans, including, without limitation, in relation to any notice to be provided to the Borrowers, the insurance companies and any respective guarantors thereof, of the assignment of the Mortgage Loans to the Issuer including upon the occurrence of a Perfection Trigger Event;
- (b) if the Issuer is requested to consent to any modification to the Conditions, Certificate Conditions or Transaction Documents in respect of which its consent is required, if requested by the Seller or the Issuer and/or the Sponsor Administrator elects to, consulting with the Issuer, the Seller and the requesting party and considering any proposed modification in good faith acting in a commercially reasonable manner;
- (c) following the occurrence of any of the events or circumstances set out in Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*), consulting with the Seller and the Issuer in respect of any potential Alternative Base Rate;
- (d) if requested by the Seller, the Issuer and/or if the Sponsor Administrator elects to, assisting the Seller, the Issuer and/or (following delivery of an Enforcement Notice) the Security Trustee in respect of the termination and appointment of a replacement Servicer following the occurrence of a Servicer Termination Event;
- (e) if requested by the Seller, the Issuer and/or if the Sponsor Administrator elects to, consulting with the Servicer in respect of material delegation of the servicing functions;
- (f) if requested by the Seller, the Issuer and/or if the Sponsor Administrator elects to, assisting the Back-Up Servicing Facilitator to appoint a replacement Servicer;
- (g) if requested by the Seller, the Issuer and/or if the Sponsor Administrator elects to, assisting the Seller, the Issuer and/or (following delivery of an Enforcement Notice) the Security Trustee in respect of the termination and replacement of any Transaction Party in accordance with the terms of the relevant Transaction Document;
- (h) reviewing the Investor Reports and the Quarterly Reports produced by the Servicer (with the assistance of the Cash Manager) and the Servicer Reports produced by the Servicer in respect of the Transaction prior to publication and bringing any manifest errors that the Sponsor Administrator identifies to the attention of the Seller, the Cash Manager and/or the Servicer, as applicable, and the Issuer;
- (i) if the Sponsor Administrator elects to, reviewing any third party audits of the Servicer and flagging any potential issues which could impact the Transaction;
- (j) notifying the Seller and the Issuer if it becomes aware of any material breach of the Servicer's obligations under the Servicing Agreement;

- (k) if requested by the Seller, the Issuer and/or if the Sponsor Administrator elects to, assisting the Seller and the Issuer in connection with any refinancing of the Mortgage Portfolio in connection with the exercise of the Portfolio Purchase Option (including assisting the facilitation of any refinancing transaction) (provided that, for the avoidance of doubt, nothing in this paragraph shall require the Sponsor Administrator to provide any form of commitment for funding or to subscribe for any securities in any form); and
- (l) if requested by the Seller or the Issuer, liaising with the Rating Agencies in respect of the ratings, which are expected to be, or have been, assigned by the Rating Agencies to the Rated Notes including assisting in respect of any on-going information requests received from the Rating Agencies,

The Sponsor Administrator will be entitled to sub-contract or delegate the performance of the Sponsor Administration Services to its affiliates. The Sponsor Administrator will not be liable in respect of its obligations under the Sponsor Administration Agreement except as a result of its fraud, gross negligence or wilful default. In the case of its fraud, gross negligence or wilful default, the Sponsor Administrator's appointment may be terminated by the Seller or (after the delivery of an Enforcement Notice) the Security Trustee. The Seller will transfer the Class S Certificates to the Sponsor Administrator on the Closing Date and the Sponsor Administrator will be entitled to hold such Class S Certificates in consideration of its provision of the Sponsor Administration Services.

The Sponsor Administration Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Servicing Agreement

Introduction

The Issuer, the Seller, the Security Trustee and the Servicer will enter into a servicing agreement on the Closing Date (the **Servicing Agreement**) in connection with the issuance of the Notes and pursuant to which the Servicer will covenant to service the Loans on the terms set out therein.

Appointments

On the Closing Date, the appointment of the Servicer as servicer of the Loans will be confirmed by the Issuer and, as applicable, the Seller (including in its capacity as a trustee of the trust declared and created by the Scottish Declaration of Trust). At Closing Date, the servicing of the Loans will be performed by the employees within Lloyds Banking Group (without any formal delegation).

Servicer and the Services

The Servicer's actions in servicing the Loans and their Related Security in accordance with the terms of the Servicing Agreement (including the procedures of the Servicer) are binding on the Issuer. The Servicer is appointed to:

- (a) service the Mortgage Loans and their Related Security as if the same had not been sold to the Issuer but remained on the TMB Mortgage Book;
- (b) service all Mortgage Loans with the same level of skill, care and diligence as would a Prudent Mortgage Servicer;
- (c) to keep records and accounts on behalf of the Issuer in relation to the Loans and their Related Security;

- (d) to keep records for all taxation purposes and VAT;
- (e) keep in force all licences, approvals, authorisations, permissions and consents which may be necessary in connection with the performance of the Services, and prepare and submit on a timely basis all necessary applications and requests for any further licence, approval, authorisation, permission, registration or consent required in connection with the performance of the Services in particular any necessary registrations under the Data Protection Laws and any authorisation and permissions under the FSMA;
- (f) save as otherwise agreed with the Issuer and the Seller, provide upon reasonable notice and during normal office hours, free of charge to the Issuer and the Seller, office space, facilities, equipment and staff sufficient to fulfil the obligations of the Issuer and the Seller under the Servicing Agreement as reasonably requested by the Issuer and the Seller;
- (g) not knowingly fail to comply with any material legal requirements in the performance of the Services including, without limitation, any rules of MCOB where applicable or otherwise;
- (h) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim but subject to any deductions required by law;
- (i) to act as collection agent for the Issuer under the DDR;
- (j) notify the Issuer, the Seller and the Security Trustee in writing of any matter which gives rise to an obligation of the Seller to repurchase any Mortgage Loan pursuant to the Mortgage Sale Agreement or which is otherwise a breach of the undertakings in the Mortgage Sale Agreement and, in such notice, to set out whether, in its opinion, the breach is capable of remedy and, if it is expressed to be capable of remedy, any proposals for remedying such breach (which proposals shall be subject to prior written approval by the Issuer and (following the delivery of an Enforcement Notice) the Security Trustee prior to their implementation); and
- (k) set the Standard Variable Rate as further described below.

The Servicing Standard

The standard applied to the Servicer in relation to the provision of services (the **Servicing Standard**) will be the standard of a Prudent Mortgage Servicer.

Collection of Payments

The Servicer is responsible for procuring that all payments attributable to the Mortgage Loans are made to the Collection Account. All payments are made by Borrowers by way of DDR except where the Seller has specifically agreed another form of payment with the individual Borrower.

Collections of interest and principal in respect of the Mortgage Loans in the Mortgage Portfolio are received by the Collection Account Bank in its Collection Account and will be transferred into the Transaction Account on a regular basis and in any event no later than the next Business Day after they are deposited in the Collection Account.

All Principal Receipts and Revenue Receipts received from Borrowers which should be paid into the Collection Account (as applicable) but which are credited in error to an account of the Seller will be held on trust, express or implied, by the Seller for the Issuer and transferred to the Transaction Account

(as applicable) by the Seller as soon as reasonably practicable and in any event within three Business Days after receipt of the same.

Standard Variable Rate/Tracker Rate Margins

The Issuer and the Legal Title Holder granted the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions to determine and set the Standard Variable Rate and, if applicable, any margin above or below rates set by the Bank of England in relation to Tracker Rate Loans chargeable to Borrowers from time to time. In exercising such right, liberty and authority, the Servicer shall not at any time, without the prior consent of the Issuer, set or maintain:

- (a) the margin in respect of any Tracker Rate Loan in the Portfolio in respect of which the offer conditions provide that the margin above the rates set by the Bank of England or other relevant variable rate shall be the same as the margin above the rates set by the Bank of England or other relevant variable rate applicable to all other loans having the same offer conditions in relation to interest rate setting as that Tracker Rate Loan at a rate which is higher or lower than the margin above the rates set by the Bank of England or other relevant variable rate then applying to Tracker Rate Loans with such offer conditions as are beneficially owned by the Seller outside the Portfolio; and
- (b) the margin above the rates set by the Bank of England or other relevant variable rate in respect of any other Tracker Rate Loan at a rate which is higher than the margin above the rates set by the Bank of England or other relevant variable rate which would then be set in accordance with the Seller's Policy from time to time in relation to that Tracker Rate Loan if such Loan had remained beneficially owned by the Seller outside the Portfolio,

unless the Servicer is required to do so pursuant to the below, and, subject to that requirement, it shall not change the Standard Variable Rate or any margin applicable to any Tracker Rate Loans save for the same reasons as the Seller was entitled, under the Mortgage Conditions, to change the relevant margin applicable to Tracker Rate Loan prior to the sale to the Issuer of such Loans comprised in the Portfolio and their Related Security. The Issuer shall be bound by the Standard Variable Rate and any margin applicable to any Tracker Rate Loans set in accordance with the Servicing Agreement and the relevant Mortgage Conditions.

The Issuer acknowledges that any action taken by the Servicer to set the Standard Variable Rate or (if applicable) any margin incorporated within any Tracker Rate Loans which is 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.

In accordance with Applicable Law and the relevant Mortgage Conditions, any change in the Standard Variable Rate or the margin in respect of any Tracker Rate Loan shall be notified monthly by the Servicer to the Issuer under the Collateral Report or the Quarterly Report (as applicable) and in any event without prejudice to the obligations of the Seller and the Servicer under Clause 9.1 (*SVR Target Compensation Payment*) of the Mortgage Sale Agreement and Clause 20.2 (*Termination of Servicer appointment by Residual Certificateholders*) of the Servicing Agreement; and the Servicer shall, notify the relevant Borrower of any changes in the monthly payments in relation to the relevant Loans. The Servicer shall bear all costs arising in relation to such a notification of a change in such rate or rates of interest or in such margin in relation those relevant Loans.

On each Calculation Date, the Servicer shall determine, having regard to the aggregate of:

- (a) the income which the Issuer would expect to receive during the Interest Period in which that Calculation Date falls;

- (b) the Standard Variable Rate and any margin applicable to any Tracker Rate Loans which the Servicer proposes to set; and
- (c) the other resources available to the Issuer, including the Credit Reserve Fund and the Liquidity Reserve Fund,

whether the Issuer would receive an amount of income during that Interest Period which is less than the amount which is the aggregate of the amount of interest which will be payable in respect of the Notes on the Interest Payment Date following at the end of that Interest Period and amounts which rank in priority thereto under the Priority of Payments (the amount by which it is less being the **Shortfall**).

If the Servicer determines that there will be a Shortfall it will give written notice to the Issuer and the Legal Title Holder (with a copy to the Security Trustee), within one Business Day of such determination of the amount of the Shortfall and the Standard Variable Rate which would (taking into account the applicable Mortgage Conditions), in the Servicer's reasonable opinion, need to be set in order for no Shortfall to arise, having regard to the date(s) on which the change to the Standard Variable Rate and the margin applicable to any Tracker Rate Loans would take effect and at all times acting in accordance with the standards of a Reasonable Prudent Mortgage Lender as regards the competing interests of Borrowers with Standard Variable Rate Loans and Borrowers with Tracker Rate Loans.

If, following a notification above, the Servicer notifies (with a copy to the Security Trustee) the Issuer that, having regard to the obligations of the Issuer, the Standard Variable Rate should be increased, then the Issuer shall (or, following the delivery of an Enforcement Notice, the Security Trustee may) instruct the Servicer and the Legal Title Holder to take all steps which are necessary to increase the Standard Variable Rate, including publishing any notice which is required in accordance with the Mortgage Conditions and the Servicer and the Legal Title Holder shall at all times act in accordance with the standards of a Reasonable Prudent Mortgage Lender, Applicable Law and the relevant Mortgage Conditions.

The Issuer (prior to the delivery of an Enforcement Notice) with the written consent of the Security Trustee or (following the delivery of an Enforcement Notice), the Security Trustee may terminate the authority of the Servicer to determine the Standard Variable Rate and any margin applicable to any Tracker Rate Loans on or after the occurrence of a Servicer Termination Event, in which case the Issuer (whether prior to or post delivery of an Enforcement Notice) shall set the Issuer Standard Variable Rate and any margin applicable to any Tracker Rate Loans in accordance with the Servicing Agreement.

For the avoidance of doubt, notwithstanding any provision of the Servicing Agreement or the other Transaction Documents, in no circumstances shall the Security Trustee have any obligation to determine the Standard Variable Rate, the margin applicable to any Tracker Rate Loans, or any other rate in respect of the Portfolio.

Flexible Drawings, Retention Drawings, Further Advances, Product Switches, Payment Holidays and Underpayments

If the Servicer, on behalf of the Issuer, agrees that the Mortgage Conditions require an advance of a Flexible Drawing or a Retention Drawing and subject to the relevant Borrower satisfying any conditions under the relevant Mortgage Conditions, or the Servicer, on behalf of the Issuer, determines that the Protective Advance is required to protect the security of the relevant Loan, the Servicer will provide a notice to the Issuer (copied to the Seller and the Cash Manager) (the **Drawing Notice**), setting out the details of such Flexible Drawing or such Retention Drawing (including the amount required to be paid by the Issuer) or Protective Advance (as applicable). The equitable and beneficial interest in any such Flexible Drawings, Retention Drawings or Protective Advances will be sold by the Seller as legal title holder to the Issuer and will form part of the Portfolio. Any such Flexible Drawing, Retention Drawing

or Protective Advance will be purchased by the Issuer to the extent of Principal Receipts standing to the credit of the Transaction Account.

The Drawing Notice will include the amount of Principal Receipts available to the Servicer in the Transaction Account for the Issuer to purchase such Flexible Drawing, Retention Drawing or Protective Advance. The Cash Manager, pursuant to the Cash Management Agreement and on behalf of the Issuer, shall (to the extent available) debit available Principal Receipts standing to the credit of the Transaction Account to fund the purchase such Flexible Drawing, Retention Drawing or Protective Advance and transfer such amounts to the Servicer or as the Servicer directs. If the Loan is In Arrears, no Flexible Drawings or Retention Drawings will be approved by the Servicer.

In the event that the Issuer does not have sufficient funds available to purchase any such Flexible Drawing, Retention Drawing or Protective Advance within six months of the making by the Seller of such Flexible Drawing, Retention Drawing or Protective Advance (as applicable), then the Seller may repurchase the relevant Loan and its Related Security together with any other Loan secured or intended to be secured by such Related Security or any part of it, in accordance with the Mortgage Sale Agreement, for consideration equal to (i) in respect of a Loan that is not in arrears, the Current Balance of such Loan or (ii) in respect of a Loan subject to a Protective Advance that is in arrears, the fair market value of such Loan.

If the Servicer receives an application from a Borrower requesting a Payment Holiday or an Underpayment, it will agree to such Payment Holiday or an Underpayment and in the case of an Underpayment it can be funded by accrued Overpayments.

If, at any time, a Borrower requests a Further Advance, Product Switch, or a Port, the Servicer will not agree to any such Further Advance or Port or Product Switch. If a Borrower requests a Further Advance, Product Switch (other than a Permitted Product Switch) or Port, the Servicer may suggest that the Borrower should seek an alternative loan from another member of the Lloyds Banking Group, which will result in the Borrower's existing Loan in the Mortgage Portfolio being redeemed in full and no new Loan will be sold by the Seller to the Issuer and form part of the Portfolio. If the Borrower requests a Repurchase Product Switch, and the Servicer agrees to such a Repurchase Product Switch, then the relevant Loan and its Related Security subject to the Repurchase Product Switch shall be repurchased by the Seller at its Current Balance. If the Borrower requests a Permitted Product Switch, and the Servicer agrees to such a Permitted Product Switch in accordance with the Mortgage Sale Agreement and the Servicing Agreement, then the relevant Loan and its Related Security shall remain in the Portfolio.

Any amounts received from a redemption of a Loan shall be applied as Available Revenue Receipts (to the extent the proceeds do not relate to principal) and as Available Principal Receipts, as applicable.

Subject to the terms of the Servicing Agreement and the Mortgage Sale Agreement, the Servicer will also administer and service the Loans and their Related Security in connection with any Flexible Drawings, Retention Drawings or Payment Holidays or Protective Advances or Underpayment including (without limitation) determining whether the relevant Borrower has complied with the conditions for the advance of a Flexible Drawing, Retention Drawing, Payment Holiday or Protective Advance or Underpayment and performing all associated functions and the lender's duties in connection with any Flexible Drawing, Retention Drawing or Payment Holidays or Protective Advances or Underpayment subject to the conditions of the Servicing Agreement and the Mortgage Sale Agreement.

Prudent Mortgage Servicer

The requirement for any action to be taken according to the standards of a Prudent Mortgage Servicer.

Seller's Policy

The Servicer has undertaken that it shall not make any changes to the Seller's Policy unless such changes are consistent with changes to the mortgage servicing and collection policies and procedures consistently applied across the Lloyds Banking Group's mortgage business other than any changes that are due to factors specific to the Mortgage Portfolio compared to the Lloyds Banking Group's mortgage business, and that such changes would be acceptable to a Reasonable Prudent Mortgage Lender.

Compensation of Servicer

The Servicer receives a fee for servicing the loans. The Issuer will pay to the servicer a servicing fee of 0.25 per cent. per annum (inclusive of VAT) on the aggregate amount of the Mortgage Portfolio as at the immediately preceding Calculation Date. The rate is subject to adjustment if the applicable rate of VAT changes. The fee is payable in arrear on each Interest Payment Date only to the extent that the Issuer has sufficient funds to pay it.

See the section entitled "*Transaction Overview – Fees*" for further details.

Right of Delegation by the Servicer

The Servicer may sub-contract or delegate the performance of its duties under the Servicing Agreement, provided that it meets particular conditions, including that:

- (a) the Issuer or (following the delivery of an Enforcement Notice) the Security Trustee (as applicable) consent to the proposed sub-contracting or delegation;
- (b) notification has been given to each of the Rating Agencies;
- (c) where the arrangements involve the custody or control of any customer files and/or Title Deeds the sub-contractor or delegate will provide a written acknowledgement that those customer files and/or Title Deeds will be held to the order of the Issuer;
- (d) where the arrangements involve the receipt by the sub-contractor or delegate of monies belonging to the Issuer, the sub-contractor or delegate will execute a declaration that any such monies are held on trust for the Issuer and will be paid forthwith into the Transaction Account;
- (e) the sub-contractor or delegate has executed a written waiver of any security interest arising in connection with the delegated services;
- (f) the Issuer and the Security Trustee have no liability for any costs, charges or expenses in relation to the proposed sub-contracting or delegation; and
- (g) any such subcontractor or delegate shall have confirmed to the Servicer, the Issuer and the Security Trustee that it has, and shall maintain, all approvals required for itself in connection with the fulfilment of its obligations under the Servicing Agreement and any agreement with the Servicer.

If the Servicer sub-contracts or delegates the performance of its duties, it will nevertheless remain responsible for the performance of those duties to the Issuer and the Security Trustee.

The condition described in paragraphs (a), (c) and (d) above will not be required to the engagement by the Servicer of (i) any existing subcontractor, receiver, solicitor, insurance broker, valuer, surveyor, accountant, estate agent, insolvency practitioner, auctioneer, bailiff, sheriff officer, debt collection officer, debt counsellor, tracing agent, property management agent, licensed conveyancer, qualified conveyancer or other professional adviser acting as such; (ii) any documentation retention service or document storage facility; or (iii) any locksmith, builder or other contractor acting as such in relation

to a Property, in any such case being a person or persons whom the Servicer would be willing to appoint in respect of its own mortgages in connection with the performance by the Servicer of any of its obligations or functions or in connection with the exercise of its powers under the Servicing Agreement.

The condition described in paragraphs (a), (b), (c), (d), (e) and (g) shall not apply to any delegation to any wholly-owned subsidiary of the Bank of Scotland plc or Lloyds Bank plc from time to time or to persons such as receivers, lawyers or other relevant professionals. As of the Closing Date, certain of the Servicer's duties are performed by employees within the Lloyds Banking Group without formal delegation.

Liability of the Servicer

The Servicer will indemnify the Issuer and the Security Trustee against all losses, liabilities, claims, expenses or damages incurred as a result of negligence or wilful default by the Servicer in carrying out its functions under the Servicing Agreement or the other Transaction Documents or as a result of a breach of the terms of the Servicing Agreement or any other Transaction Document in relation to such functions. For the avoidance of doubt, the Servicer's indemnity set out in the Servicing Agreement shall include any breach in the performance of the Services by a sub-contractor or delegate of the Servicer under the Servicing Agreement.

Bank of Scotland has also provided an indemnity in respect of all payments that are required to be made by TMB as Servicer under the Servicing Agreement that are unpaid by TMB.

Removal or Resignation of the Servicer

A Servicer Termination Event shall occur if any of the following events (each, a **Servicer Termination Event**) occur:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of fifteen Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee (with a copy to the Back-Up Servicing Facilitator) requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which is (in the opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of twenty Business Days after becoming aware of such default **provided however** that where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of ten Business Days of receipt of such notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee (with a copy to the Back-Up Servicing Facilitator), the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Issuer or (following delivery of an Enforcement Notice) the Security Trustee may in their absolute discretion specify to remedy such default or to indemnify the Issuer and/or the Security Trustee (as applicable) against the consequences of such default;
- (c) the Servicer ceasing to be an authorised person under FSMA or failure by the Servicer to obtain or maintain the necessary licences, registrations or regulatory approvals enabling it to continue servicing the Loans; or
- (d) an Insolvency Event in respect of the Servicer or Bank of Scotland,

then the Issuer (prior to the delivery of an Enforcement Notice) with the written consent of the Security Trustee, or the Security Trustee itself (after delivery of an Enforcement Notice and subject to it having been instructed and indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Deed of Charge) (i) in the case of (a) or (b), may or, if the Issuer and the Security Trustee are directed by holders of not less than 10 per cent of the Principal Amount Outstanding of any Class of Subordinated Notes or the holders of not less than 10 per cent. of the Residual Certificates, shall; or (ii) in the case of (c) and (d), shall (in the case of the Security Trustee, subject to it having been instructed and indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Deed of Charge), at once or at any time thereafter while such default continues, by notice in writing to the Servicer and the Rating Agencies terminate the Servicer's appointment as Servicer under the Servicing Agreement with effect from a date (not earlier than the date of the notice) specified in the notice.

If:

- (a) at any date that a change to the Standard Variable Rate or Halifax Homeowner Variable Rate (**HHVR**) (as applicable) becomes effective and such change results in the then HHVR plus 0.50 per cent. being greater than the then Standard Variable Rate; and
- (b) in setting the Standard Variable Rate such that it is below the HHVR plus 0.50 per cent., TMB was not acting as a result of an SVR Adjustment Event,

then a **Servicer Termination Trigger** shall occur (the date of the occurrence of such Servicer Termination Trigger being the **Servicer Termination Trigger Date**).

On or following the Servicer Termination Trigger Date, the majority Residual Certificateholders may by notice in writing to the Servicer, the Seller, the Issuer, the Security Trustee, the Sponsor Administrator and the Rating Agencies, terminate the Servicer's appointment as Servicer. Following the Servicer Termination Trigger Date and the delivery of a termination notice by the majority Residual Certificateholders, the Issuer shall appoint a replacement Servicer (a **Successor Servicer**) as instructed by the majority Residual Certificateholders. If the servicing of the Mortgage Loans and Related Security has not been migrated to a Successor Servicer and the Successor Servicer has not entered into a replacement servicing agreement with the Issuer within six months (such six months period being the **Servicing Migration Period**) from the date that:

- (a) the proposed Successor Servicer has (A) been identified by the majority Residual Certificateholders that will result in the conditions to the appointment of a Successor Servicer pursuant to the Servicing Agreement being met; and (B) entered into an engagement letter that provides for the proposed Successor Servicer to (i) act as the Successor Servicer upon migration of the servicing of the Mortgage Loans and Related Security and (ii) act reasonably and dedicate a reasonable level of resources, skill and expertise to the migration of the servicing of the Mortgage Loans and Related Security in order for the migration to the Successor Servicer to be completed within six months of the entry into the engagement letter; and
- (b) a proposed successor legal title holder (the **Legal Title Holder Transferee**) has been identified by the majority Residual Certificateholders that will result in the conditions to the appointment of a Legal Title Holder Transferee pursuant to the Servicing Agreement being met,

then the Servicer will indemnify the Residual Certificateholders (other than the Retention Holder) in amount equal to the Servicer Migration Indemnity Amount.

The Servicer Migration Indemnity Amount shall initially be payable by the Servicer in respect of a maximum of three successive 30 calendar day periods (each a **30 Day Period**) commencing on first day following the end of the Servicing Migration Period until the earlier of (i) servicing having been

migrated to the Successor Servicer and (ii) 90 calendar days following the end of the Servicing Migration Period (such total period being the **Initial Indemnity Period**).

The Servicer Migration Indemnity Amount shall only be payable provided that the proposed Successor Servicer acts reasonably and dedicates a reasonable level of resources, skill and expertise to the migration the servicing of the Mortgage Loans and Related Security in order for the migration to the Successor Servicer to be completed within the Servicing Migration Period.

Following the end of the Initial Indemnity Period, the Servicer Migration Indemnity Amount shall continue to be payable by the Servicer to the Residual Certificateholders (other than the Retention Holder) in respect of successive 30 calendar day periods until the migration to the Successor Servicer is completed.

The Issuer shall reimburse TMB and any other relevant member of the Lloyds Banking Group involved in the servicing and record keeping of the Mortgage Loans and the Related Security (the **Relevant Servicing Entities**) for all reasonable costs and expenses properly incurred by the Relevant Servicing Entities in connection with (i) the migration of the servicing from TMB to the Successor Servicer and (ii) the transfer of legal title to the Mortgage Loans and the Related Security to the Legal Title Holder Transferee, in each case as a result of the termination of the Servicer due to a Servicer Termination Trigger.

Subject to the fulfilment of a number of conditions (including the prior appointment of a substitute servicer which satisfies the conditions set out above), the Back-Up Servicing Facilitator (on behalf of the Issuer) shall use their reasonable endeavours to appoint a Successor Servicer.

Subject to the fulfilment of a number of conditions (including the appointment of a Successor Servicer), the Servicer may voluntarily resign by giving not less than 12 months' notice to the Issuer, the Security Trustee, the Seller and the Back-Up Servicing Facilitator. The Successor Servicer is required to have experience of administering mortgages in the United Kingdom and to enter into a Servicing Agreement with the Issuer substantially on the same terms as the relevant provisions of the Servicing Agreement. It is a further condition precedent to the resignation of the Servicer that the current ratings of the Notes are not adversely affected as a result of the resignation, unless the relevant Classes of the Noteholders and the noteholders otherwise agree by an Extraordinary Resolution.

If the appointment of the Servicer is terminated, the Servicer must deliver the title deeds and customer files relating to the loans to, or at the direction of, the Noteholders. No provision has been made in the Servicing Agreement or otherwise for any costs and expenses associated with the transfer of servicing to a Successor Servicer, and such costs and expenses will be borne by the Issuer. The Servicing Fee payable to a Successor Servicer will be agreed with that Successor Servicer prior to its appointment.

Servicer Migration Indemnity Amount means in respect of each 30 Day Period, an amount in cash equal to the product of:

- (a) the HHVR plus 0.50 per cent less the Standard Variable Rate, in each case as at the first day of the relevant 30 Day Period;
- (b) the Capital Balance of the SVR Loans on the first day of the relevant 30 Day Period; and
- (c) the actual number of days between the start of the relevant 30 Day Period to the earlier of (i) the end of the relevant 30 Day Period and (ii) servicing having been migrated to the Successor Servicer, divided by 365.

The Successor Servicer and the Legal Title Holder Transferee appointed following a Servicer Termination Trigger shall only be appointed provided that the relevant entity:

- (a) holds all licences, approvals, authorisations, permissions and consents required in connection with its appointment, including without, limitation, any necessary notifications under the Data Protection Laws, and authorisations and permissions under the FSMA and, in the case of any Legal Title Holder Transferee, is authorised to conduct further lending;
- (b) has (in the case of any Successor Servicer) experience of administering mortgages of residential property in England, Wales, Scotland and Northern Ireland and has a proven record as acting as a Prudent Mortgage Servicer;
- (c) has (in the case of any Legal Title Holder Transferee) a proven record as acting as legal title holder acting as a Reasonable Prudent Mortgage Lender;
- (d) shall (in the case of any Legal Title Holder Transferee) procure that each Mortgage Loan is administered and serviced by an appropriately authorised FCA regulated entity, in accordance with all applicable laws and the relevant Mortgage Conditions and at all times ensure that all discretions afforded to the lender under the relevant Mortgage Conditions are exercised only in accordance with all applicable laws and in a manner which would be acceptable to a Reasonable Prudent Mortgage Lender; and
- (e) shall comply with requirements for the identification and fair treatment of any Borrower deemed to be a “mortgage prisoner” or otherwise deemed to be in vulnerable circumstances for the purposes of the rules, regulations and guidance published by the British Bankers’ Association (or any successor body), UK Finance (or by its predecessor, the Council of Mortgage Lenders) and the FCA, and any other relevant industry body or regulatory authority with whose instructions or guidance it is customary for the Legal Title Holder Transferee, acting as a Reasonable Prudent Mortgage Lender, to reasonably comply with or adhere to, from time to time; and

The Successor Servicer shall only be appointed provided that, the Successor Servicer shall (i) in such manner as agreed between TMB and the Successor Servicer (each acting reasonably), and (ii) in such a way that would not result in the Successor Servicer acting as a broker for TMB (or another Lloyds Banking Group company), be required to provide notifications to the applicable Borrowers in connection with the ability to remortgage with a company within the Lloyds Banking Group as required by TMB or Bank of Scotland in accordance with other such similar notifications provided to other borrowers of loans originated by a Lloyds Banking Group company, Applicable Law or the standards of a Reasonable Prudent Mortgage Lender, from time to time until such time as the Successor Servicer is notified otherwise by TMB or Bank of Scotland. If it is not possible for the Successor Servicer to comply with such requirements without acting as a broker for TMB (or another Lloyds Banking Group company) then the Successor Servicer shall instead be required to provide notifications to the applicable Borrowers in connection with the ability to remortgage with another lending entity in accordance with the standards of a Reasonable Prudent Mortgage Lender and at least semi-annually.

Portfolio information and reporting – general

Pursuant to the Servicing Agreement, the Servicer (on behalf of the Issuer) will provide to beneficial owners of the Notes and potential owners of the Notes on a monthly basis a report containing information about the Loans if they have furnished the servicer with the beneficial ownership certification described in the Servicing Agreement. These reports will be made available at <https://editor.eurodw.co.uk/esma/viewdeal?edcode=RMBSUK000209500420234>. The website and the contents thereof do not form part of this Prospectus. *Portfolio information and reporting – regulatory reporting*

The Servicer shall provide European DataWarehouse (or a nominee of the Issuer) with the loan level data required to enable European DataWarehouse (or a nominee of the Issuer) to make available, prepare and/or file on behalf of the Issuer, in respect of each Determination Period:

- (a) certain loan-by-loan information in relation to the Mortgage Loans in respect of each Determination Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the **UK SR Data Tape**);
- (b) certain loan-by-loan information in relation to the Mortgage Loans in respect of each Determination Period in accordance with Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards (the **EU SR Data Tape**),

and the loan level data will be provided by the Servicer in the format agreed between European DataWarehouse, the Issuer and the Servicer on the date hereof (or such other format as agreed between the Servicer, the Issuer and European DataWarehouse) in accordance with the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) and the UK Securitisation Regulation.

The Servicer shall provide European DataWarehouse (or a nominee of the Issuer) with the loan level data required to enable European DataWarehouse (or a nominee of the Issuer) to make available, prepare and/or file on behalf of the Issuer:

- (a) all documents and loan level data required to be made available and/or prepared for the purpose of the Bank of England Discount Window Facility (the **BoE Data Tape**); and
- (b) to the extent the Class A Notes are or become eligible collateral for the monetary policy framework of the European Central Bank, all documents and loan level data required to be made available and/or prepared to allow eligibility of the Class A Notes as eligible collateral under the Eurosystem monetary policy framework of the European Central Bank,

and the relevant information will be provided by the Servicer in the format agreed between European DataWarehouse, the Issuer and the Servicer on the date hereof (or such other format as agreed between the Servicer, the Issuer and European DataWarehouse) in accordance with the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) and the UK Securitisation Regulation.

The Servicer will provide reasonable assistance to the Issuer (and its nominees) and the Cash Manager by making available any such further information related to the Portfolio that the Issuer (or its nominees) or the Cash Manager reasonably requests in connection with the information to be disclosed under Article 7(1) of the UK Securitisation Regulation and Article 7(1) of the EU Securitisation Regulation to the extent the Servicer is capable of providing such information without additional cost or material administrative burden, or otherwise at the Issuer's cost.

The Servicer shall:

- (a) following preparation of the Servicer Report by no later than the Servicer Reporting Date, prepare a monthly collateral report (for each month other than a month in which an Interest Payment Date falls) (the **Collateral Report**) and a quarterly investor report (the **Quarterly Report**, and together with the Collateral Report, the **Investor Reports** and each an **Investor Report**) in the forms set out in in the Servicing Agreement and shall: (i) provide the Investor Reports to European DataWarehouse and to the Issuer, the Cash Manager, the Sponsor Administrator, the Security Trustee, the Noteholders, the Certificateholders, the Rating Agencies, Bloomberg and Intex by no later than two Business Days prior to the 28th day of each month; and (ii) upload the Investor Reports to the Securitisation Repository Website;

- (b) following preparation of the Servicer Report by no later than the Servicer Reporting Date:
- (i) prepare a quarterly investor report in respect of the relevant period as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the **UK SR Investor Report**); and
 - (ii) prepare a quarterly investor report in respect of the relevant period in accordance with Article 7(1)(e) of the EU Securitisation Regulation and the EU Article 7 Technical Standards as applicable and as interpreted as of the Closing Date (the **EU SR Investor Report**),

and shall provide the UK SR Investor Report and the EU SR Investor Report to European DataWarehouse and to the Issuer on the relevant Interest Payment Date; and

- (c) provide reasonable assistance to the Issuer by making available any such further information related to the Portfolio that the Reporting Entity reasonably requests in connection with the information to be disclosed under Article 7(1) of the UK Securitisation Regulation or Article 7(1) of the EU Securitisation Regulation and shall provide the same to the Issuer to the extent that the Servicer is capable of providing such information without additional cost or material administrative burden, or otherwise at the Issuer's cost,

provided that references to the EU Securitisation Regulation and the EU Article 7 Technical Standards shall be as in force, interpreted and applied as at the Closing Date only and the Issuer and the Servicer may at their discretion agree instead to comply with Article 7, or any sub-article thereof, of the EU Securitisation Regulation as in force, interpreted and applied after the Closing Date as if references to "as in force, interpreted and applied as at the Closing Date only" were not included therein, in which case the Servicer shall provide reasonable assistance to the Issuer to ensure compliance with the relevant EU Securitisation Regulation provisions agreed by the Issuer and the Servicer.

The Servicer has agreed that, upon receipt from the Issuer or the Cash Manager of any information required to be reported by the Issuer pursuant to and in accordance with:

- (a) Article 7(1)(f) or Article 7(1)(g) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (such information **UK SR Significant Event Information**); or
- (b) Article 7(1)(f) or Article 7(1)(g) of the EU Securitisation Regulation and the EU Article 7 Technical Standards (such information **EU SR Significant Event Information** and together with any UK SR Significant Event Information, **SR Significant Event Information**),

it will prepare in the requisite format and make available such SR Significant Event Information via the Securitisation Repository Website without delay and **provided that** references to the EU Securitisation Regulation and the EU Article 7 Technical Standards shall be as in force, interpreted and applied as at the Closing Date only and the Issuer and the Servicer may at their discretion agree instead to comply with Article 7, or any sub-article thereof, of the EU Securitisation Regulation as in force, interpreted and applied after the Closing Date as if references to "as in force, interpreted and applied as at the Closing Date only" were not included therein, in which case the Servicer shall provide reasonable assistance to the Issuer to ensure compliance with the relevant EU Securitisation Regulation provisions agreed by the Issuer and the Servicer

Servicer Reporting Date means 5 Business Days after the end of the relevant Collection Period.

Back-Up Servicing Facilitator

The Issuer will appoint the Back-Up Servicing Facilitator in accordance with the Servicing Agreement. If the Servicer's appointment is terminated, the Back-Up Servicing Facilitator shall use best efforts to identify, on behalf of the Issuer, and assist the Issuer in the appointment of a suitable substitute servicer in accordance with the Servicing Agreement.

Replacement Collection Account Bank

The Issuer shall, or (following delivery of an Enforcement Notice) the Security Trustee may, upon the occurrence of an Insolvency Event in respect of the Collection Account Bank, arrange for a replacement Collection Account Bank to be appointed as a substitute collection account bank and for Collections of interest and principal in respect of the Mortgage Loans in the Mortgage Portfolio to be received by the replacement collection account bank.

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it is governed by English law.

In this Prospectus, the capitalised terms below have the following definitions:

Affiliate means, in relation to any person (i) a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company or (ii) any other person that controls, is controlled by, or is under common control with such person.

Applicable Laws means, at any time in relation to any act or omission of any person, all applicable laws, regulations, statutes, subsidiary legislation and rules, instructions, decrees, guidance and directions of any Relevant Authority, in each case which are applicable to, and where compliance with which is legally binding in respect of, the act or omission of that person at that time in the UK, including FSMA, the rules of the FCA Handbook, MCOB and the FCA's Treating Customers Fairly initiative.

Arrears Policy means the Servicer's policy for managing Loans which are In Arrears and pre-arrears financial distress.

Arrears Procedures means the Servicer's procedures for managing Loans which are In Arrears and pre-arrears financial distress.

Authority means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, domestic or foreign.

Contractual Monthly Payment means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each Monthly Payment Date under the Mortgage Conditions, comprising interest and, where applicable, contractual repayments of principal and other sums (as determined in accordance with the terms and conditions of that Loan).

Data Protection Laws means any law, enactment, regulation or order concerning the processing of data relating to living persons including:

- (a) the EU GDPR;
- (b) the UK GDPR;
- (c) the UK Data Protection Act 2018; and

(d) other European or UK data protection laws,

each to the extent applicable to the activities or obligations under or pursuant to the Transaction Documents.

Direct Debit means a written instruction of a Borrower authorising its bank to honour a request of the Servicer to debit a sum of money on specified dates from the account of the Borrower for deposit into an account held by the Servicer (or its nominee).

Direct Debiting Scheme means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.

Enforcement Procedures means the exercise, in accordance with the procedures described in the Seller's Policies, of rights and remedies against a Borrower in respect of such Borrower's obligations arising from any Mortgage in respect of which such Borrower is in default.

EU GDPR means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation).

Flexible Drawing means, in relation to a Flexible Loan, any further drawing of monies made by a Borrower under that Flexible Loan to which the Borrower is contractually entitled.

Further Advance means, in relation to a Loan and its Related Security, any advance of further monies by the Seller to the relevant Borrower, following a request from the relevant Borrower and which is secured by the same Related Security as the Loan where the Seller has a discretion as to whether to accept that request or the Servicer may suggest that the Borrower seek an alternative mortgage from another company within Lloyds Banking Group, but excluding, for the avoidance of doubt (i) the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage, (ii) any Flexible Drawing and (iii) any Protective Advances.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

In Arrears means that the relevant Borrower is in arrears by an amount equal to at least one monthly payment past its due date on the relevant Loan.

Initial Advance means, in relation to a Loan, the initial principal amount together with the amount of any retention advanced to the relevant Borrower after completion of the Mortgage, together with any completion fees (to the extent capitalised).

Insolvency Event in respect of the Seller, the Servicer or the Cash Manager (each, for the purposes of this definition, a **relevant entity**) means:

- (a) an order is made or an effective resolution passed for the winding up of the relevant entity;
- (b) the relevant entity ceases or threatens to cease to carry on 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(i)(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 any 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 any 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.

Seller's Policies means the administration, arrears and enforcement policies and procedures which are applied from time to time by the Seller to mortgage loans and the security for their repayment which are beneficially owned solely by the Issuer.

Liability means, in respect of any person, any fee, loss, damage, cost, charge, award, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever including properly incurred legal fees and any Tax (other than VAT or amounts in respect of VAT which, in each case, is recoverable and any Tax incurred on actual net income, profits or gains) and penalties incurred by that person, together with (but without double counting) any irrecoverable VAT charged or chargeable in respect of any of the sums referred to in this definition.

Loan Remedy Notice means a notice in the form set out in the Mortgage Sale Agreement.

Payment Holidays means:

- (a) in respect of any Loan which is a Flexible Loan, a period of one or more Monthly Payment Dates for a maximum of six months (and limited to six months per annum) or a longer period agreed to by the Seller when the relevant Borrower under such Loan is permitted by the Seller not to make its regular Contractual Monthly Payment, in each case in accordance with the relevant Mortgage Conditions;
- (b) in respect of any Loan which is not a Flexible Loan, a period of one or more Monthly Payment Dates for a maximum of six months (and limited to six months for the lifetime of the relevant Loan) when the relevant Borrower under such Loan is permitted by the Seller not to make its regular Contractual Monthly Payment where one payment holiday is permitted every three years with a maximum of two months per instance, in each case in accordance with the relevant Mortgage Conditions.

Protective Advance means a payment of ground rent, service charges, insurance premia and similar items made by or on behalf of the Legal Title Holder to protect the security for the Loan, which is deemed to be a further advance made by the Legal Title Holder to the relevant Borrower.

Relevant Authority means any multinational, national, state, regional, provincial or local governmental or law enforcement agency or regulatory or supervisory authority (including the FCA and the CMA).

Servicer Power of Attorney means the power of attorney from the Issuer provided to the Servicer pursuant to the Servicing Agreement.

Security means a mortgage, standard security, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Share Trust Deed means the declaration of trust dated 14 September 2022 pursuant to which the Share Trustee holds the beneficial interest in the share of Holdings on trust for discretionary purposes.

Subsidiary means any person (referred to as the **first person**) in respect of which another person (referred to as the **second person**):

- (a) holds a majority of the voting rights in that first person or has the right under the constitution of the first person to direct the overall policy of the first person or alter the terms of its constitution; or
- (b) is a member of that first person and has the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
- (c) has the right to exercise (directly or indirectly) a dominant influence (which must include the right to give directions with respect to operating and financial policies of the first person which its directors are obliged to comply with whether or not for its benefit) over the first person by virtue of provisions contained in the articles (or equivalent) of the first person or by virtue of a control contract which is in writing and is authorised by the articles (or equivalent) of the first person and is permitted by the law under which such first person is established; or
- (d) is a member of that first person and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the first person or the rights under its constitution to direct the overall policy of the first person or alter the terms of its constitution; or
- (e) has the power to exercise, or actually exercises (in either case, directly or indirectly) dominant influence or control over the first person; or
- (f) together with the first person are managed on a unified basis,

and for the purposes of this definition, a person shall be treated as a member of another person if any of that person's Subsidiaries is a member of that other person or, if any shares in that other person are held by a person acting on behalf of it or any of its Subsidiaries. A subsidiary undertaking shall include any subsidiary undertaking the shares of which (if any) are subject to a security interest and where the legal title to the shares so secured are registered in the name of the secured party or its nominee pursuant to such security.

UK GDPR means EU GDPR as it forms part of retained EU law (as defined in the EUWA).

Deed of Charge

On the Closing Date, the Issuer will enter into 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 other Secured Creditors (including the Noteholders and the Certificateholders):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit, present and future in, to and

under the Transaction Documents (other than the Trust Deed, any Transaction Document governed by Scots law and the Deed of Charge) and any sums derived therefrom;

- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit, present and future in, to and under the Mortgage Loans (other than the Scottish Mortgage Loans) and their Related Security and other related rights under the same and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit, present and future, to, in and under the Insurance Contracts and any sums derived therefrom;
- (d) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, in and to monies now or at any time hereafter standing to the credit of the Issuer Accounts and each other account (if any) (including any securities accounts and any securities standing to the credit thereof) maintained with the Issuer Account Bank and all interest accruing from time to time thereon and the debt represented thereby;
- (e) an assignment by way of first fixed security of (and to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) all of its rights, title, interest and benefit, present and future, under or in respect of each and every trust constituted by the Mortgage Sale Agreement (other than a Scottish Declaration of Trust) and the Servicing Agreement;
- (f) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, to, under or in respect of any Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf;
- (g) an assignation in security of the Issuer's beneficial interest in the Scottish Mortgage Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Seller over such Scottish Mortgage Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust); and
- (h) a floating charge over all assets of the Issuer, including any fixed charges which may take effect as floating charges, not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of the charges referred to above as aforesaid).

The floating charge created by the Deed of Charge may "crystallise" and become a first specific fixed charge or first ranking fixed security over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (although subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, service of an Enforcement Notice. 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.

Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments

Prior to the Note Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, 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 Transaction Account as described in "*Cashflows*" below.

Post-Enforcement Priority of Payments

After the Note Trustee has served an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by it shall apply the monies standing to the credit of the Transaction Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows*" below.

The Security will become enforceable after an Enforcement Notice has been served on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Certificates, 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 on a pro rata and *pari passu* basis of all amounts owing to the Noteholders and the Certificateholders (and all persons ranking in priority to the Noteholders and the Certificateholders as set out in the Post-Enforcement Priority of Payments) or 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: (i) to the Noteholders and the Certificateholders (and all persons ranking in priority to the Noteholders and the Certificateholders in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and the Certificateholders (and all such prior ranking persons) have been repaid, to the remaining Secured Creditors in the order of priority set out in the Post-Enforcement Priority of Payments 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 in accordance with the applicable Priority of Payments. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to above without enquiry and shall incur no liability to any person for so doing.

Governing Law

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law, save for any matters which are particular to the laws of Northern Ireland which shall be governed by the laws of Northern Ireland and certain documents supplemental to the Deed of Charge which shall be governed by Scots law.

In this Prospectus, the capitalised terms below have the following definitions:

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 do not constitute securitisation positions and will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and either:

- (i) such investments (A) have a maturity date of 60 days or less and mature before the next following Interest Payment Date or within 60 days, whichever is sooner (and in each

case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 60 days, whichever is sooner and (C) are rated at least A-1 by S&P and AA- or F1+ by Fitch (and AA- by Fitch if the investments have a long-term rating); or

- (ii) such investments (A) have a maturity date of 90 days or less and mature before the next following Interest Payment Date or within 90 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 90 days, whichever is sooner and (C) are rated at least A-1+ by S&P (and AA- (long term) by S&P if the investments have a long-term rating) and AA- or F1+ by Fitch (and AA- by Fitch if the investments have a long-term rating).

For the avoidance of doubt, investments consisting in whole or in part, actually or potentially of tranches or other asset-backed securities, credit-linked rates, swaps or other derivatives instruments, synthetic securities or similar claims and/or where investments would be in a money market fund or would result in the recharacterisation of the Notes or any transaction as a "resecuritisation" or a "synthetic securitisation" as defined in Articles 4(63) and 242(11), respectively, of Regulation (EU) No 575/2013 as it forms part of UK domestic law by virtue of the EUWA or Article 2 of the UK Securitisation Regulation, such investments shall not qualify as "Authorised Investments".

Issuer Power of Attorney means the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge on the Closing Date substantially in the form set out to the Deed of Charge.

Seller and Legal Title Holder Power of Attorney means the power of attorney granted by the Seller in favour of the Issuer and the Security Trustee on the Closing Date, substantially in the form set out in the Mortgage Sale Agreement.

Secured Creditors means the Security Trustee, any Appointee of the Note Trustee or the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, the Certificateholders, the Seller, the Servicer, the Sponsor Administrator, the Cash Manager, the Issuer Account Bank, the Corporate Services Provider, the Back-Up Servicing Facilitator, the Paying Agents, the Registrar, the Agent Bank, the Joint Lead Managers and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

Servicer Power of Attorney means the power of attorney granted by the Issuer in favour of the Servicer on the Closing Date pursuant to the Servicing Agreement.

Risk Retention Letter means the risk retention letter entered into on the Closing Date between the Retention Holder, the Joint Arrangers and the Joint Lead Managers, the Issuer the Seller and the Servicer, the Note Trustee and the Security Trustee.

Transaction Documents means the Sponsor Administration Agreement, the Agency Agreement, the Bank Account Agreement, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge, the Portfolio Option Deed Poll, the Issuer Power of Attorney, the Servicing Agreement, the Master Definitions and Construction Schedule, the Mortgage Sale Agreement, the Servicer Power of Attorney, the Retention Holder Deed Poll, the Risk Retention Letter, the Share Trust Deed, a Scottish Declaration of Trust, a Scottish Supplemental Charge, the Trust Deed, 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 and/or the Certificates.

Trust Deed

On the Closing Date, the Issuer and the Note Trustee will enter into a trust deed (the **Trust Deed**) pursuant to which the Issuer and the Note Trustee will agree that the Notes and the Certificates are subject to the provisions in the Trust Deed. The Conditions and the Certificate Conditions and the forms of each Class of Notes and each Class of Certificates will each 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 and the Certificates on trust for the Noteholders and the Certificateholders.

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 upon giving not less than 60 days' notice in writing to the Issuer without giving any reason therefor and without being responsible for any liabilities occasioned by such retirement. The holders of the Most Senior Class may, by Extraordinary Resolution, remove all trustees (but not some only) for the time being who are acting pursuant to the Trust Deed and the Deed of Charge. The retirement of the Note Trustee shall not become effective unless there remains a trust corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee (a trust corporation) in office after such retirement or removal by Extraordinary Resolution. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, the Issuer shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, after 60 days from the date the Note Trustee gives its notice of retirement or the applicable Extraordinary Resolution of the holders of the Most Senior Class, the Issuer is not able to find such replacement, the Note Trustee will be entitled to procure that a new trustee be appointed but no such appointment shall take effect unless previously approved by Extraordinary Resolution of the holders of the Most Senior Class.

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

Pursuant to an agency agreement dated on or around the Closing Date in connection with the issuance of the Notes (the **Agency Agreement**) and made between the Issuer, the Note Trustee and the Security Trustee, the Principal Paying Agent, the Registrar and the Agent Bank, provision is made for, inter alia, the payment of principal and interest in respect of the Notes, and the payment of the Class S Certificate Payments in respect of the Class S Certificates and the payment of the Residual Certificate Payment in respect of the Residual Certificates.

Governing Law

The Agency Agreement and any non-contractual obligations arising out of or in connection with it is governed by English law.

Cash Management Agreement

On the Closing Date, the Cash Manager, the Issuer, the Seller and the Security Trustee will enter into a cash management agreement (the **Cash Management Agreement**) in connection with the issuance of the Notes.

Cash Management Services to be 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 or, upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Manager's principal function will be effecting payments to and from the Transaction Account. In addition, the Cash Manager will, among other things:

- (a) on each Interest Payment Date prior to the delivery of an Enforcement Notice, 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;
- (b) on each Calculation Date, determine the Credit Reserve Fund Required Amount and any Credit Reserve Fund Payments required to be made;
- (c) on each Calculation Date, determine the Liquidity Reserve Fund Required Amount, any amounts to be applied from the Liquidity Reserve Fund to pay Senior Revenue Amounts and any Liquidity Reserve Fund Excess Amounts;
- (d) on each Calculation Date determine if there would be a Revenue Shortfall following the application of Available Revenue Receipts (disregarding for such purposes any Principal Addition Amounts) for the relevant Interest Payment Date and any Principal Addition Amount (having determined whether the relevant PDL Condition has been satisfied, where applicable);
- (e) on each Calculation Date, determine whether the immediately following Interest Payment Date is the Class F Notes Redemption Date or the Final Redemption Date;
- (f) on each Calculation Date, determine if there are sufficient Available Principal Receipts available to redeem the Notes in full on the immediately following Interest Payment Date;
- (g) record credits to, and debits from, the Ledgers, as and when required; and
- (h) if required (i) during the Determination Period, calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Principal Receipts and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amounts in accordance with Condition 6.8 (*Determinations and Reconciliation*), Certificate Condition 6.6 (*Determination and Reconciliation*) and the Cash Management Agreement.

In addition, the Cash Manager will also:

- (a) maintain the following ledgers (the **Ledgers**) on behalf of the Issuer:
 - (i) the **Principal Ledger**, which will record as a credit all Principal Receipts received by the Issuer and as a debit the distribution of the Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-

Enforcement Priority of Payments (as applicable) or Principal Receipts used to purchase Flexible Drawings or Protective Advances on any day;

- (ii) the **Revenue Ledger**, which will record as a credit all Revenue Receipts and as a debit the distribution of the Available Revenue Receipts and the distribution of any other relevant amounts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or by way of a Third Party Amount;
- (iii) the **Credit Reserve Fund Ledger**, which will record amounts credited to, and debited from, the credit reserve fund (the **Credit Reserve Fund**). On each Interest Payment Date (prior to service of an Enforcement Notice), the Cash Manager will record, as a debit, amounts standing to the credit of the Credit Reserve Fund applied (i) on or prior to the date on which the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are each redeemed in full (the **Class F Notes Redemption Date**), as Available Revenue Receipts (but only to the extent necessary (after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of the definition of Available Revenue Receipts and amounts standing to the credit of the Liquidity Reserve Fund under paragraph (d) of the definition of Available Revenue Receipts) to do so) in accordance with the Pre-Enforcement Revenue Priority of Payments or (ii) on or following the Class F Notes Redemption Date, as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments and, as a credit, amounts credited to the Credit Reserve Fund from Available Revenue Receipts in accordance with item (u) of the Pre-Enforcement Revenue Priority of Payments and on the Closing Date the proceeds of the Notes which have been designated to credit the Credit Reserve Fund (see "*Credit Structure – Credit Reserve Fund*" below);
- (iv) the **Liquidity Reserve Fund Ledger**, which will record amounts credited to, and debited from, the liquidity reserve fund (the **Liquidity Reserve Fund**). On each Interest Payment Date (prior to service of an Enforcement Notice), the Cash Manager will record, as a debit, amounts standing to the credit of the Liquidity Reserve Fund applied as Available Revenue Receipts (but only to the extent necessary (after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of the definition of Available Revenue Receipts)) in accordance with the Pre-Enforcement Revenue Priority of Payments and, as a credit, amounts credited to the Liquidity Reserve Fund in accordance with item (g) of the Pre-Enforcement Revenue Priority of Payments and on the Closing Date the proceeds of the Notes which have been designated to credit the Liquidity Reserve Fund (see "*Credit Structure – Liquidity Reserve Fund*" below);
- (v) the **Principal Deficiency Ledger**, which will record on the appropriate sub-ledger as a debit deficiencies arising from Losses on the Portfolio (on the date the Cash Manager is informed of such Losses by the Servicer or the Seller) and any Available Principal Receipts applied as Principal Addition Amounts (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Manager), and record as a credit Available Revenue Receipts applied as Available Principal Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date (see "*Credit Structure – Principal Deficiency Ledger*" below); and
- (vi) the **Issuer Profit Ledger**, which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments and as a debit any amount used to discharge any tax liability of the Issuer; and

- (b) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts (including any Principal Addition Amounts) and Available Principal Receipts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments (as applicable).

At the direction of the Seller, the Cash Manager, on behalf of and in the name of the Issuer, may direct the Issuer Account Bank to invest monies standing from time to time to the credit of the Transaction Account in Authorised Investments as determined by the Seller, subject to the following provisions:

- (a) any investment in any Authorised Investments shall be made in the name of the Issuer;
- (b) any costs properly and reasonably incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Manager by the Issuer;
- (c) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Transaction Account prior to the relevant Calculation Date;
- (d) such Authorised Investments shall mature at least one Business Day before the next Calculation Date; and
- (e) the Seller shall obtain and hold all applicable regulatory consents and approvals required in respect of directing investment in Authorised Investments.

The Cash Manager shall not be responsible (save where any loss results from the Cash Manager's own fraud, wilful default or gross negligence) for any loss occasioned by reason of any such investment in any Authorised Investments or any purported investment in any Authorised Investments whether by depreciation in value or otherwise, provided that any such investment in any Authorised Investments was made in accordance with the terms of the Cash Management Agreement.

Reporting

The Cash Manager shall provide assistance to the Servicer in respect of information required to produce the Investor Reports, the UK SR Investor Report and the EU SR Investor Report.

Cash Manager and Directions from the Security Trustee

The Cash Manager will act upon the direction of the Security Trustee (given in accordance with the terms and provisions of the Deed of Charge) upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer.

Remuneration of Cash Manager

The Cash Manager will be paid a cash management fee for its cash management services under the Cash Management Agreement. Such fees will be determined under a separate fee letter between the Issuer and the Cash Manager. Any sum (or other consideration) payable (or provided) by the Issuer to the Cash Manager in respect of that fee shall be deemed to be inclusive of VAT, if any, chargeable on any supply for which the cash management fee is the consideration (in whole or in part) for VAT purposes. The cash management fee is payable in the manner contemplated by and in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

Termination of Appointment and Replacement of Cash Manager

Resignation of the Cash Manager

The Cash Manager may resign only on giving 12 months' written notice to the Issuer and the Security Trustee and if (among other things):

- (a) a substitute cash manager has been appointed and a new cash management agreement is entered into on terms satisfactory to the Security Trustee and the Issuer; and
- (b) the ratings of the Rated Notes at that time would not be adversely affected as a result of that replacement (unless otherwise agreed by an Extraordinary Resolution of the Noteholders of each class).

Termination of appointment of Cash Manager

The Issuer or (following delivery of an Enforcement Notice) the Security Trustee may, upon written notice to the Cash Manager, terminate the Cash Manager's rights and obligations immediately if any of the following events occurs (**Cash Manager Termination Events**):

- (a) the Cash Manager defaults in the payment of any amount due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after becoming aware of the default;
- (b) the Cash Manager fails to comply with any of its other material obligations under the Cash Management Agreement and does not remedy that failure within 20 Business Days after the earlier of becoming aware of the failure and receiving a notice from the Issuer or the Security Trustee requiring the same to be remedied; or
- (c) an Insolvency Event occurs in respect of the Cash Manager.

If the appointment of the Cash Manager is terminated or it resigns, the Cash Manager must deliver its books of account relating to the Loans to or at the direction of the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as the case may be.

Upon the termination of the Cash Manager the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as applicable, will elect a substitute cash manager.

Governing Law

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Bank Account Agreement

Pursuant to the terms of a bank account agreement entered into on or about the Closing Date in connection with the issuance of the Notes and between the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee (the **Bank Account Agreement**), the Issuer will maintain:

- (a) the transaction account (the **Transaction Account**); and
- (b) the **Reserve Account**, to which amounts will be credited to, and debited from, the Credit Reserve Fund and the Liquidity Reserve Fund, and the Reserve Account together with the

Transaction Account and any other account opened pursuant to the Bank Account Agreement, the **Issuer Accounts**),

with the Issuer Account Bank which will be operated in accordance with the Bank Account Agreement, the Cash Management Agreement and the Deed of Charge, as applicable.

The Issuer Account Bank is required to have the Account Bank Rating.

The Bank Account Agreement including the Issuer Account Bank's obligations to carry out instructions thereunder, and accordingly the Security Trustee's ability to direct the Issuer Account Bank following service of an Enforcement Notice, are subject to bank mandates and terms and conditions which are subject to such changes from time to time as the Issuer Account Bank informs the other parties to the Bank Account Agreement.

Governing Law

The Bank Account Agreement and any non-contractual obligations arising out of or in connection with it is governed by English law.

The Corporate Services Agreement

Pursuant to the terms of a corporate services agreement entered into on or about the Closing Date in connection with the issuance of the Notes and between the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Security Trustee (the **Corporate Services Agreement**), 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 book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), providing the directors with information in connection with the Issuer and Holdings, and the arrangement for the convening of shareholders' and directors' meetings.

The fees due to the Corporate Services Provider in relation to the fees of the Corporate Services Provider will be as agreed between the Issuer and the Corporate Services Provider. Fees due and payable to the Corporate Services Provider will be paid ahead of all outstanding Notes and Certificates.

Governing Law

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Regulatory Reporting Letter

The Issuer will enter into an engagement letter with European DataWarehouse Ltd (**European DataWarehouse**) on or about the Closing Date in respect of certain regulatory reporting services to be provided by European DataWarehouse (the **Regulatory Reporting Letter**).

Pursuant to the Regulatory Reporting Letter, European DataWarehouse, as securitisation repository for the purposes of Article 10 of the UK Securitisation Regulation (the **Securitisation Repository**), will covenant with the Issuer to:

- (a) provide the Issuer with a secure website for the hosting of information to be made available in accordance with the Transaction Documents (the **Securitisation Repository Website**) and enable the Servicer to upload documents (including, but not limited to, any SR Significant Event Information) directly to the Securitisation Repository Website;

- (b) subject to receipt of the relevant loan level data from the Servicer:
 - (i) prepare the UK SR Data Tape and the EU SR Data Tape in respect of each Determination Period and publish the same on the Securitisation Repository Website on the immediately following Interest Payment Date; and
 - (ii) prepare the BoE Data Tape in respect of the immediately preceding Determination Period and publish the same on the Securitisation Repository Website on the on the date of receipt from the Servicer (or, if such day is not a Business Day, the immediately following Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not));
- (c) subject to receipt of the UK SR Investor Report and the EU SR Investor Report from the Servicer, publish the same on the Securitisation Repository Website on the relevant Interest Payment Date; and
- (d) subject to receipt of the Investor Reports from the Servicer, publish the same on the Securitisation Repository Website on the date of receipt from the Servicer.

European DataWarehouse shall ensure that the Securitisation Repository Website is accessible to, inter alia, the Issuer, the Cash Manager, the Servicer, the Sponsor Administrator, Noteholders, Certificateholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator and, upon request, to potential investors in the Notes or the Certificates.

As at the date of this Prospectus, the Securitisation Repository Website address is <https://editor.eurodw.co.uk/esma/viewdeal?edcode=RMBSUK000209500420234>.

Governing Law

The Regulatory Reporting Letter and any non-contractual obligations arising out of or in connection with it will be governed by English law.

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 Relevant Parties. 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 Relevant Parties or by any other person other than the Issuer.

The structure of the credit support arrangements may be summarised as follows:

1. **Liquidity Support for the Notes and Certificates provided by Available Revenue Receipts**

During the life of the Notes, the interest payable by Borrowers on the Loans may, even assuming that all of the Loans are fully performing, result in Available Revenue Receipts not being sufficient to pay the amounts payable under items (a) to (aa) (inclusive) of the Pre-Enforcement Revenue Priority of Payments; see "*Risk Factors – Risks Related to the Availability of Funds to Pay the Notes – The Issuer has a limited set of resources available to make payments on the Notes and Certificates*" for further information. The actual amount of any excess payable to the Residual Certificateholders without regard to the Pre-Enforcement Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Loans in the Portfolio relative to the payments due on the Notes and the Certificates, and the performance of the Portfolio.

Available Revenue Receipts will be applied (after making payments ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments towards reducing any Principal Deficiency Ledger entries which may arise from Losses on the Portfolio and (prior to the redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes in full) from the application of Available Principal Receipts as Available Revenue Receipts to cure any Revenue Shortfall in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments, subject, where applicable, to the relevant PDL Condition being satisfied.

2. **Credit Reserve Fund**

The credit reserve fund (the **Credit Reserve Fund**) will be established by the Issuer or the Cash Manager on the Issuer's behalf on the Closing Date from the proceeds of the Class R Notes in an amount equal to the Credit Reserve Fund Required Amount. The amount required, from time to time, to be standing to the credit of the Credit Reserve Fund Ledger within the Reserve Account shall be an amount equal to the Credit Reserve Fund Required Amount. The Issuer may invest the amounts standing to the credit of the Credit Reserve Fund Ledger from time to time in Authorised Investments.

On and from the first Interest Payment Date, the Credit Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay a Credit Reserve Fund Payment (but only to the extent necessary after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of the definition of Available Revenue Receipts and amounts standing to the credit of the Liquidity Reserve Fund under paragraph (d) of the definition of Available Revenue Receipts)) or in accordance with the Post-Enforcement Priority of Payments (as applicable).

On the Closing Date and thereafter on each Interest Payment Date, the Credit Reserve Fund will be credited up to the Credit Reserve Fund Required Amount in accordance with item (u) of the Pre-Enforcement Revenue Priority of Payments. Following redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes amounts standing to the credit of the Credit Reserve Fund will be available to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

Credit Reserve Fund Payment means payments required to be made pursuant to items (a) to (f) and (h) to (t) of the Pre-Enforcement Revenue Priority of Payments.

Credit Reserve Fund Required Amount means an amount equal to:

- (a) on the Closing Date and on any Interest Payment Date prior to the date on which the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are redeemed in full (the **Class F Notes Redemption Date**), an amount equal to 1.30 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and the Class Z Notes as at the Closing Date less amounts standing to the credit of the Liquidity Reserve Fund; and
- (b) on any Interest Payment Date falling on or after the Class F Notes Redemption Date, zero.

3. **Liquidity Reserve Fund**

The liquidity reserve fund (the **Liquidity Reserve Fund**) will be established by the Issuer or the Cash Manager on the Issuer's behalf on the Closing Date from the proceeds of the Class R Notes in an amount equal to the Liquidity Reserve Fund Required Amount. The amount required, from time to time, to be standing to the credit of the Liquidity Reserve Fund Ledger within the Reserve Account shall be an amount equal to the Liquidity Reserve Fund Required Amount. The Issuer may invest the amounts standing to the credit of the Liquidity Reserve Fund Ledger from time to time in Authorised Investments.

On and from the first Interest Payment Date, the Liquidity Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay Senior Revenue Amounts (but only to the extent necessary after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of the definition of Available Revenue Receipts)) or in accordance with the Post-Enforcement Priority of Payments (as applicable).

On the Closing Date and thereafter on each Interest Payment Date, the Liquidity Reserve Fund will be credited up to the Liquidity Reserve Fund Required Amount in accordance with item (h) of the Pre-Enforcement Revenue Priority of Payments. On and from the first Interest Payment Date, any Liquidity Reserve Fund Excess Amount will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

Liquidity Reserve Fund Excess Amount means, on any Interest Payment Date, the amount (if any) by which the amount standing to the credit of the Liquidity Reserve Fund after application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, exceeds the Liquidity Reserve Fund Required Amount.

Liquidity Reserve Fund Required Amount means prior to the date on which the Class A Notes and the Class B Notes are redeemed in full, an amount equal to 1.30 per cent. of the then aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes (as determined prior to any redemptions made in respect of the Class A Notes and the Class B Notes on the relevant Interest Payment Date), and thereafter zero.

Senior Revenue Amounts means all payments required to be made pursuant to items (a) to (d) and (f) of the Pre-Enforcement Revenue Priority of Payments.

4. Use of Available Principal Receipts to pay a Revenue Shortfall

On each Calculation Date prior to the service of an Enforcement Notice or the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and with reference to the immediately following Interest Payment Date, the Cash Manager will calculate whether there will be a Revenue Shortfall on such Interest Payment Date. If the Cash Manager determines that there will be a Revenue Shortfall, then pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments, the Cash Manager on behalf of the Issuer shall apply Available Principal Receipts as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (the **Principal Addition Amounts**), subject, in respect of items (f), (i), (j), (l), (m), (o), (p), (r) and (s) of the Pre-Enforcement Revenue Priority of Payments, to the relevant PDL Condition being satisfied.

Any Available Principal Receipts applied as Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

PDL Condition means the condition that is satisfied if (i) the Class of Notes are the Most Senior Class of Notes or (ii) on the relevant Interest Payment Date (in each case calculated following the application of Available Revenue Receipts (except paragraphs (c), (d) and (f) of that definition) and prior to the application of Available Principal Receipts):

- (a) in respect of the Class B Notes, where either (i) the debit entry on the Class B Principal Deficiency Sub-Ledger does not exceed 10 per cent. of the Principal Amount Outstanding of the Class B Notes; or (ii) the Class B Notes are the Most Senior Class of Notes;
- (b) in respect of the Class C Notes, where either (i) the debit entry on the Class C Principal Deficiency Sub-Ledger does not exceed 10 per cent. of the Principal Amount Outstanding of the Class C Notes or the percentage of Mortgage Loans that are in arrears (including Mortgage Loans that are in possession but not foreclosed) by 270 days or more after the Cut-off Date is less than 2% higher than at the Cut-off Date, or (ii) the Class C Notes are the Most Senior Class of Notes;
- (c) in respect of the Class D Notes, where either (i) the debit entry on the Class D Principal Deficiency Sub-Ledger does not exceed 10 per cent. of the Principal Amount Outstanding of the Class D Notes or the percentage of Mortgage Loans that are in arrears (including Mortgage Loans that are in possession but not foreclosed) by 270 days or more after the Cut-off Date is less than 2% higher than at the Cut-off Date, or (ii) the Class D Notes are the Most Senior Class of Notes;
- (d) in respect of the Class E Notes, where either (i) the debit entry on the Class E Principal Deficiency Sub-Ledger does not exceed 10 per cent. of the Principal Amount Outstanding of the Class E Notes or the percentage of Mortgage Loans that are in arrears (including Mortgage Loans that are in possession but not foreclosed) by 270

days or more after the Cut-off Date is less than 2% higher than at the Cut-off Date, or
(ii) the Class E Notes are the Most Senior Class of Notes; and

- (e) in respect of the Class F Notes, where either (i) the debit entry on the Class F Principal Deficiency Sub-Ledger does not exceed 10 per cent. of the Principal Amount Outstanding of the Class F Notes or the percentage of Mortgage Loans that are in arrears (including Mortgage Loans that are in possession but not foreclosed) by 270 days or more after the Cut-off Date is less than 2% higher than at the Cut-off Date, or
(ii) the Class F Notes are the Most Senior Class of Notes,

and **relevant PDL Condition** means the condition related to the relevant Class. The PDL Condition will always be satisfied in respect of the Class of Notes that becomes the Most Senior Class of Notes.

Revenue Shortfall means the amount by which Available Revenue Receipts (excluding item (f) of the definition thereof) available for such purpose are insufficient to provide for payments of items (a), (b), (c), (d), (f), (i), (j), (l), (m), (o), (p), (r) and (s) of the Pre-Enforcement Revenue Priority of Payments.

5. Principal Deficiency Ledger

A Principal Deficiency Ledger will be established to record any Losses affecting the Loans in the Portfolio and any Principal Addition Amounts applied as Available Revenue Receipts. The **Principal Deficiency Ledger** will comprise seven sub-ledgers: the Principal Deficiency Ledger relating to the Class A Notes (the **Class A Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class B Notes (the **Class B Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class C Notes (the **Class C Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class D Notes (the **Class D Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class E Notes (the **Class E Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class F Notes (the **Class F Principal Deficiency Sub-Ledger**) and the Principal Deficiency Ledger relating to the Class Z Notes (the **Class Z Principal Deficiency Sub-Ledger**) (each a **Principal Deficiency Sub-Ledger**).

Any Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger on the date such Principal Addition Amounts are determined by the Cash Manager and any Losses on the Portfolio will be recorded as a debit on the Principal Deficiency Ledger on the date that the Cash Manager is informed of such Losses by the Servicer or the Seller, and will each be recorded as a debit: (a) first, to the Class Z Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class Z Notes; (b) second, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (c) third, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (d) fourth, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (e) fifth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (f) sixth, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and (g) seventh, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes.

Investors should note that Realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan and its Related Security to outstanding fees and interest amounts due and payable on the relevant Loan. The Cash Manager will record as a

credit to the Principal Deficiency Ledger Available Revenue Receipts applied pursuant to items (e), (h), (k), (n), (q), (t), (v) and (w) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

6. Available Revenue Receipts and Available Principal Receipts

Available Revenue Receipts and Available Principal Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, respectively. Other than amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer in accordance with item (c) of the Pre-Enforcement Revenue Priority of Payments, it is not intended that any surplus will be accumulated in the Issuer.

If on any Interest Payment Date the Issuer has insufficient Available Revenue Receipts to pay in full all amounts of interest (including any accrued interest thereon) due in respect of the Notes (other than current interest on the Class A Notes and the Class B Notes) or the payment due on the Class S Certificates that would otherwise be payable absent the deferral provisions in respect of the Notes (other than current interest on the Class A Notes and the Class B Notes) and the Class S Certificates 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 17 (*Subordination by Deferral*) and Certificate Condition 18 (*Subordination by Deferral*), as applicable, to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default.

In the event that amounts of interest are not paid in full on the Notes (other than current interest on the Class A Notes and the Class B Notes or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes) as noted above, such failure will not constitute an Event of Default until the Final Maturity Date and the Note Trustee and the Security Trustee will not be able to accelerate the Notes until the Final Maturity Date and prior to such date will not be able to take any action to enforce the Security or effect a sale or disposal of the Portfolio.

Failure to pay current interest on the Class A Notes and the Class B Notes (or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes) within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Notes being accelerated and the Security Trustee enforcing the Security.

CASHFLOWS

Definition of Revenue Receipts

Revenue Receipts means:

- (a) payments of interest (including Accrued Interest but excluding capitalised interest, Capitalised Expenses and Capitalised Arrears) and other fees due from time to time under the Mortgage Loans (including any fees received as a consequence of the early termination of a Mortgage Loan) and other amounts received by the Issuer in respect of the Mortgage Loans and their Mortgaged Property other than Principal Receipts;
- (b) recoveries of interest and outstanding fees (excluding capitalised interest, Capitalised Expenses and Capitalised Arrears, if any) from defaulting Borrowers under Mortgage Loans being enforced, other than relating to principal;
- (c) recoveries of all amounts (excluding, for the avoidance of doubt, capitalised interest, Capitalised Expenses and Capitalised Arrears) from defaulting Borrowers under Mortgage Loans following enforcement and sale of the relevant property, other than relating to principal;
- (d) the proceeds of indemnity payments, other than relating to principal, made by the Seller and Bank of Scotland to the Issuer pursuant to the Mortgage Sale Agreement;
- (e) any proceeds from claims against the Seller under the Mortgage Sale Agreement, to the extent not relating to principal; and
- (f) any sale proceeds of the Mortgaged Property, to the extent not relating to principal.

Definition of Available Revenue Receipts

Available Revenue Receipts means, the sum of the following amounts, calculated on each Calculation Date, received or held by the Issuer in respect of the immediately three preceding Collection Periods (without double-counting):

- (a) Revenue Receipts received by the Issuer on the Mortgage Loans during the immediately three preceding Collection Periods;
- (b) interest payable to the Issuer on the Issuer Accounts (if any) and all income from any Authorised Investments received by the Issuer during the immediately three preceding Collection Periods;
- (c) any amounts standing to the credit of the Credit Reserve Fund, (but only to the extent necessary after applying all other Available Revenue Receipts (other than Principal Addition Amounts under paragraph (f) of this definition of Available Revenue Receipts and amounts standing to the credit of the Liquidity Reserve Fund under paragraph (d) of this definition of Available Revenue Receipts)) to make a Credit Reserve Fund Payment and any amounts in excess of the Credit Reserve Fund Required Amount;
- (d) any amounts standing to the credit of the Liquidity Reserve Fund (but only to the extent necessary after applying all other Available Revenue Receipts (other than applying Principal Addition Amounts under paragraph (f) of this definition of Available Revenue Receipts) to pay Senior Revenue Amounts);

- (e) any other net income of the Issuer received during the immediately three preceding Collection Periods, excluding any Available Principal Receipts;
- (f) any Principal Addition Amounts to be applied as Available Revenue Receipts (after the application of the amounts standing to the credit of the Credit Reserve Fund in accordance with paragraph (c) and the Liquidity Reserve Fund in accordance with paragraph (d) above) in accordance with paragraph (a) of the Pre-Enforcement Principal Priority of Payments to pay any Revenue Shortfall;
- (g) following the service of an Enforcement Notice, an amount (if any) standing to the credit of the Credit Reserve Fund Ledger (other than amounts standing to the credit of the Liquidity Reserve Fund under paragraph (d) above of this definition of Available Revenue Receipts and Principal Addition Amounts under paragraph (f) above of this definition of Available Revenue Receipts) on such date;
- (h) if the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class X Notes and Class R Notes are being redeemed in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option*), Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) or Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*) on the relevant Payment Date, then all amounts standing to the credit of the Liquidity Reserve Fund;
- (i) following redemption in full of the Class A Notes and Class B Notes, all amounts standing to the credit of the Liquidity Reserve Fund;
- (j) Available Principal Receipts to be applied as Available Revenue Receipts pursuant to item (c) of the Pre-Enforcement Principal Priority of Payments;
- (k) following the service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Fund; and
- (l) all Liquidity Reserve Fund Excess Amounts,
less
- (m) amounts applied from time to time during the immediately three preceding Collection Periods in making payment of certain monies including (but not limited to):
 - (i) which properly belong to third parties (including the Seller and the Servicer); and
 - (ii) Servicing Related Fees (which will be paid to the Seller as and when they are identified by the Servicer on behalf of the Issuer),

being collectively referred to herein as **Third Party Amounts**).

Obligation of the Seller to make an indemnity payment and option to repurchase

If any of the Loan Warranties in respect of a Loan and/or its Related Security proves to have been untrue on the Closing Date and such breach is not capable of remedy within the agreed grace period or, if capable of remedy, is not remedied within the agreed grace period, the Seller shall (subject to certain limitations below) be required to (i) pay the MSA Warranty Indemnity Amount or, at its option, (ii)

repurchase the relevant Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) (as further described below).

The MSA Warranty Indemnity Amount to be paid by the Seller for any such indemnification shall be an amount sufficient to indemnify (on an after-Tax basis) and keep indemnified (on an after-Tax basis) the Issuer against all Liabilities relating to the breach of Loan Warranty, provided that the amount payable by the Seller pursuant to such indemnity shall not exceed an amount equal to the Current Balance of such Loan(s) as at the date of such indemnification payment prior to any deductions or downward balance adjustment or payments that may have been applied or made in respect of, remediation, claims or set-off related to the relevant Loan Warranty for which such Loan and its Related Security (together with any other Loan secured or intended to be secured by such Related Security or any part of it) is being indemnified plus the Issuer's costs and expenses (if any) associated with the indemnity payment. As described and subject to the above, however, if the Seller so chooses, instead of indemnifying the Issuer (on an after Tax basis) against all Liabilities relating to the breach of Loan Warranty (as the case may be), the Seller may repurchase the relevant Loan and its Related Security at the Repurchase Price (together with any other Loan secured or intended to be secured by such Related Security or any part of it). Under the Mortgage Sale Agreement, Bank of Scotland has provided an indemnity to the Issuer in respect of the indemnity amounts owed by the Seller to the Issuer in the event that the Seller fails to make such a repurchase from, or indemnity payment to, the Issuer.

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.

Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer

On each relevant Interest Payment Date prior to the service of an Enforcement 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 determined on each Calculation Date will 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, and including any VAT or any amount in respect of VAT which is required to be paid to the recipient in accordance with the relevant Transaction Document) (the **Pre-Enforcement Revenue Priority of Payments**):

- (a) *first*, in or towards satisfaction, pro rata and pari passu according to the respective amounts thereof of any fees, costs, charges, liabilities, expenses and all other amounts then due to the Security Trustee and the Note Trustee, any Appointee of the Note Trustee or the Security Trustee, and any Receiver appointed by the Security Trustee, under or in connection with the provisions of the Trust Deed and the other Transaction Documents;
- (b) *second*, in or towards satisfaction, pari passu and pro rata, according to the respective amounts thereof, of (i) any other Senior Administration Costs (including Servicing Fees) and (ii) 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 required to pay or discharge any liability of the Issuer for corporation tax of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (c) below);
- (c) *third*, to pay the Issuer an amount equal to £1,250 to be retained by the Issuer as profit;
- (d) *fourth*, pro rata and pari passu:

- (i) interest due and payable and all arrears of interest remaining unpaid on the Class A Note together with (if applicable) interest thereon; and
 - (ii) to pay the Class S1 Certificate Payment and the Class S1 Certificate Payment Early Repayment Amount (if any) due on the Class S1 Certificate and/or the Class S2 Certificate Payment due on the Class S2 Certificate;
- (e) *fifth*, (so long as the Class A Notes remains outstanding), to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay, pro rata and pari passu, any interest due and payable and all arrears of interest remaining unpaid on the Class B Notes;
 - (g) *seventh*, in or towards the credit of the Liquidity Reserve Fund Ledger up to the Liquidity Reserve Fund Required Amount;
 - (h) *eighth*, (so long as the Class B Notes remain outstanding), to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (i) *ninth*, to provide for amounts due on the relevant Interest Payment Date, to pay, pro rata and pari passu, any interest due and payable and all arrears of interest (including Deferred Interest on the Class C Notes so long as the Class C Notes are not the Most Senior Class of Notes) remaining unpaid on the Class C Notes;
 - (j) *tenth*, so long as the Class C Notes are the Most Senior Class of Notes to provide for amounts on the relevant Interest Payment Date to pay any Deferred Interest remaining unpaid on the Class C Notes and accumulated prior to the Class C Notes becoming the Most Senior Class;
 - (k) *eleventh*, (so long as the Class C Notes remain outstanding), to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (l) *twelfth*, to provide for amounts due on the relevant Interest Payment Date, to pay, pro rata and pari passu, any interest due and payable and all arrears of interest (including Deferred Interest on the Class D Notes so long as the Class D Notes are not the Most Senior Class of Notes) remaining unpaid on the Class D Notes;
 - (m) *thirteenth*, so long as the Class D Notes are the Most Senior Class of Notes to provide for amounts on the relevant Interest Payment Date to pay any Deferred Interest remaining unpaid on the Class D Notes and accumulated prior to the Class D Notes becoming the Most Senior Class;
 - (n) *fourteenth*, (so long as the Class D Notes remain outstanding), to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (o) *fifteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, pro rata and pari passu, any interest due and payable and all arrears of interest (including Deferred Interest on the Class E Notes so long as the Class E Notes are not the Most Senior Class of Notes) remaining unpaid on the Class E Notes;

- (p) *sixteenth*, so long as the Class E Notes are the Most Senior Class of Notes to provide for amounts on the relevant Interest Payment Date to pay any Deferred Interest remaining unpaid on the Class E Notes and accumulated prior to the Class E Notes becoming the Most Senior Class;
- (q) *seventeenth*, (so long as the Class E Notes remain outstanding), to credit the Class E Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (r) *eighteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, pro rata and pari passu, any interest due and payable and all arrears of interest (including Deferred Interest on the Class F Notes so long as the Class F Notes are not the Most Senior Class of Notes) remaining unpaid on the Class F Notes;
- (s) *nineteenth*, so long as the Class F Notes are the Most Senior Class of Notes to provide for amounts due on the relevant Interest Payment Date to pay any Deferred Interest remaining unpaid on the Class F Notes and accumulated prior to the Class F Notes becoming the Most Senior Class;
- (t) *twentieth*, (so long as the Class F Notes remain outstanding), to credit the Class F Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (u) *twenty-first*, to credit to the Credit Reserve Fund Ledger up to the Credit Reserve Fund Required Amount;
- (v) *twenty-second*, (so long as the Class Z Notes remain outstanding), to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (w) *twenty-third*, following the First Optional Redemption Date remaining Revenue Receipts to be credited to Available Principal Receipts and to make a corresponding credit of the Class Z Principal Deficiency Sub-Ledger;
- (x) *twenty-fourth*, to provide for amounts due on the relevant Interest Payment Date, to pay, pro rata and pari passu, any interest due and payable and all arrears of interest (including Deferred Interest on the Class X Notes so long as the Class X Notes are not the Most Senior Class of Notes) remaining unpaid on the Class X Notes;
- (y) *twenty-fifth*, so long as the Class X Notes are the Most Senior Class of Notes to provide for amounts due on the relevant Interest Payment Date to pay any Deferred Interest remaining unpaid on the Class X Notes and accumulated prior to the Class X Notes becoming the Most Senior Class;
- (z) *twenty-sixth*, in or towards repayment of principal amounts outstanding on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero;
- (aa) *twenty-seventh*, in or towards repayment of principal amounts outstanding on the Class R Notes until the Principal Amount Outstanding on the Class R Notes has been reduced to zero; and
- (bb) *twenty-eighth*, remaining amounts to the holders of the Residual Certificates.

Definition of Principal Receipts means payments received by the Issuer representing (without double counting):

- (a) any payment in respect of principal received in respect of any Mortgage Loan including, for the avoidance of doubt, all prepayments and repayments at maturity or extended maturity, capitalised interest, Capitalised Expenses and Capitalised Arrears but excluding Accrued Interest;
- (b) any payment pursuant to any insurance policy in respect of a Mortgaged Property assigned to the Issuer (or in respect of which the Issuer has a beneficial interest) (to the extent the same are attributable to or constitute principal or the payment of any claim in respect of principal);
- (c) all recoveries of principal from defaulting Borrowers received in respect of any Mortgage Loan (including the proceeds of sale of the relevant Mortgaged Property);
- (d) any other proceeds of any disposal in respect of any Mortgage Loan excluding any portion of the disposal proceeds that represent Accrued Interest in respect of the Mortgage Loan;
- (e) proceeds of any indemnity payment from the Seller and Bank of Scotland to the Issuer pursuant to the Mortgage Sale Agreement to the extent that such proceeds constitute or are attributable to principal or represent action in respect of principal;
- (f) any proceeds from claims against the Seller under the Mortgage Sale Agreement to the extent that such proceeds constitute or are attributable to principal or represent action in respect of principal; and
- (g) any other payment received by the Issuer in the nature of principal,

less
- (h) an amount equal to the aggregate of all principal repayments received by the Issuer which have been used to purchase any Flexible Drawings, Retention Drawings or Protective Advances (but in an aggregate amount not exceeding such Principal Receipts).

Definition of Available Principal Receipts

Available Principal Receipts means the sum of the following amounts, calculated on each Calculation Date, received or held by the Issuer in respect of the immediately three preceding Collection Periods (without double-counting):

- (a) Principal Receipts received by the Issuer in respect of the Mortgage Loans during the immediately three preceding Collection Periods;
- (b) all other principal amounts standing to the credit of the Principal Ledger on the Transaction Account including any Available Principal Receipts previously credited to the Principal Ledger on a Payment Date in accordance with the applicable Pre-Enforcement Principal Priority of Payments;
- (c) all amounts credited to the Principal Deficiency Sub-Ledgers pursuant to items (e), (h), (k), (n), (q), (t), (v) and (w) of the Pre-Enforcement Revenue Priority of Payments;
- (d) if the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and, Class X Notes are being redeemed in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option*), Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory*

Change Option) or Condition 8.7 (*Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option*) on the relevant Payment Date, then all amounts standing to the credit of the Credit Reserve Fund;

- (e) any Reconciliation Amounts deemed to be Available Principal Receipts;
- (f) principal from any Authorised Investments to be received on or prior to the Calculation Date;
- (g) following the First Optional Redemption Date, any Revenue Receipts deemed to be Available Principal Receipts under item (w) of the Pre-Enforcement Revenue Priority of Payments;
- (h) following redemption in full of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, all amounts standing to the credit of the Credit Reserve Fund, all amounts standing to the credit of the Credit Reserve Fund; and
- (i) following the service of an Enforcement Notice, all amounts standing to the credit of the Credit Reserve Fund.

Application of Available Principal Receipts prior to the service of an Enforcement Notice on the Issuer

Prior to the service of an Enforcement Notice on the Issuer, the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the **Pre-Enforcement Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

- (a) *first*, to be applied as Principal Addition Amounts towards any Revenue Shortfall under the Pre-Enforcement Revenue Priority of Payments;
- (b) *second*, in or towards repayment of principal amounts outstanding on:
 - (i) *first*, the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
 - (ii) *second*, the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
 - (iii) *third*, the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
 - (iv) *fourth*, the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
 - (v) *fifth*, the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
 - (vi) *sixth*, the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
 - (vii) *seventh*, the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero; and
- (c) *third*, any remainder to form part of Available Revenue Receipts.

Distributions following the service of an Enforcement Notice on the Issuer

After an Enforcement Notice has been served on the Issuer and on any Optional Redemption Date or Risk Retention Regulatory Change Option Completion Date, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Security will apply all amounts received or recovered other than any amount standing to the credit of the Issuer Profit Ledger (which shall be applied by the Issuer in or towards satisfaction of any liability of the Issuer for corporation tax of the Issuer) 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, and including any VAT or any amount in respect of VAT which is required to be paid to the recipient in accordance with the relevant Transaction Document) (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 **Priority of Payments**):

- (a) *first*, in or towards satisfaction pro rata and pari passu according to the respective amounts thereof of any fees, costs, charges, liabilities, expenses and all other amounts then due to the Security Trustee and the Note Trustee, any Appointee of the Note Trustee or the Security Trustee and any Receiver appointed by the Security Trustee under or in connection with the provisions of the Transaction Documents and the other Transaction Documents;
- (b) *second*, in or towards satisfaction, pro rata and pari passu, according to the respective amounts thereof, in relation to other Senior Administration Costs (including Servicing Fees);
- (c) *third*, to pay pro rata and pari passu:
 - (i) the Class S1 Certificate Payment (including any unpaid amounts) and the Class S1 Certificate Payment Early Repayment Amount (if any) due on the Class S1 Certificate and/or the Class S2 Certificate Payment (including any unpaid amounts) due on the Class S2 Certificate; and
 - (ii) the amounts of interest due and payable on the Class A Notes;
- (d) *fourth*, to pay, pro rata and pari passu with item (c) above, the amount of any principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (e) *fifth*, to pay, pro rata and pari passu, the amounts of interest due and payable and all arrears of interest (including Deferred Interest) remaining unpaid on the Class B Notes;
- (f) *sixth*, to pay, pro rata and pari passu, the amount of any principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (g) *seventh*, to pay, pro rata and pari passu, the amounts of interest due and payable and all arrears of interest (including Deferred Interest) remaining unpaid on the Class C Notes;
- (h) *eighth*, to pay, pro rata and pari passu, the amount of any principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (i) *ninth*, to pay, pro rata and pari passu, the amounts of interest due and payable and all arrears of interest (including Deferred Interest) remaining unpaid on the Class D Notes;
- (j) *tenth*, to pay, pro rata and pari passu, the amount of any principal due and payable on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;

- (k) *eleventh*, to pay, pro rata and pari passu, the amounts of interest due and payable and all arrears of interest (including Deferred Interest) remaining unpaid on the Class E Notes;
- (l) *twelfth*, to pay, pro rata and pari passu, the amount of any principal due and payable on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (m) *thirteenth*, to pay, pro rata and pari passu, the amounts of interest due and payable and all arrears of interest (including Deferred Interest) remaining unpaid on the Class F Notes;
- (n) *fourteenth*, to pay, pro rata and pari passu, the amount of any principal due and payable on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
- (o) *fifteenth*, to pay, pro rata and pari passu, the amounts of interest due and payable and all arrears of interest (including Deferred Interest) remaining unpaid on the Class X Notes;
- (p) *sixteenth*, to pay, pro rata and pari passu, the amount of any principal due and payable on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero;
- (q) *seventeenth*, to pay, pro rata and pari passu, the amount of any principal due and payable on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero;
- (r) *eighteenth*, to pay pro rata and pari passu any amounts due in relation to the Class R Notes; and
- (s) *nineteenth*, any remaining amounts to the holders of the Residual Certificates.

As used in this Prospectus:

Accrued Interest means as at any date in relation to any Loan the aggregate amount of interest accrued or charged on such Loan but not yet paid from (and including) the immediately preceding Monthly Payment Date to (but excluding) that given date.

Appointee means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser 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.

Capital Balance means, in relation to any Loan at any date, the principal balance of that Loan to which the relevant interest rate at which interest on each Loan applies.

Capitalised Arrears means, in relation to a Loan, on any date, amounts (excluding amounts comprising Capitalised Expenses) which as at that date have been added to the Outstanding Principal Balance of such Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (but excluding Outstanding Principal Balance of Flexible Drawings).

Capitalised Expenses means, for any Loan at any date, expenses which as at that date have been added to the Outstanding Principal Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

Determination Period means the period from (and excluding) a Calculation Date (or in the case of the first Determination Period, from (and including) the Cut-off Date to (and including) the next (or first) Calculation Date).

Early Repayment Charge means any charge (other than a Redemption Fee) which a Borrower is required to pay in the event that he or she repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions.

Interest Period means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date.

Monthly Payment Date means, in respect of a Loan, the date in each month on which the relevant Borrower is required to make a payment of interest and, if applicable, principal, in respect of such Loan, as required by the applicable Mortgage Conditions to which such Loan is subject.

Overpayment means, in respect of any Loan, any additional amounts of principal receipts received in a month above the regular, scheduled Contractual Monthly Payment, paid by the relevant Borrower which:

- (a) is permitted by the terms of such Loan or by agreement with the Borrower; and
- (b) reduces the Current Balance of such Loan.

Redemption Fee means the standard redemption fee charged to the Borrower by the Servicer where the Borrower makes a repayment of the full outstanding principal of a Loan on the maturity date of such Loan.

Senior Administration Costs means

- (a) any amounts then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, liabilities and expenses then due to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
- (b) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
- (c) any amounts then due and payable to the Servicer and any fees, costs, charges, liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
- (d) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
- (e) any amounts then due and payable to the Back-Up Servicing Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein; and
- (f) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, liabilities and expenses then due under the provisions of the Bank Account Agreement, together with (if applicable) VAT thereon as provided therein.

DESCRIPTION OF THE GLOBAL NOTES

General

As at the Closing Date, each Class of Notes will be represented by either a Rule 144A Global Note and/or a Regulation S Global Note, as applicable, in fully registered form without interest coupons or principal receipts. Beneficial interests in a Rule 144A Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants. Beneficial interests in a Regulation S Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants. All capitalised terms not defined in this section shall be as defined in the Conditions of the Notes.

The Rule 144A Global Notes will have an ISIN and a Common Code. The Regulation S Global Notes will have an ISIN and a Common Code.

The Global Notes will be deposited on or about the Closing Date with the Common Safekeeper and registered on or about the Closing Date in the name of the nominee for the Common Safekeeper for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Note. Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record book-entry interests (**Book-Entry Interests**) in the related Global Notes.

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1,000 (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 or the Certificate Book-Entry Interests through Participants or through other indirect 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. 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 Joint Lead Managers. 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.

Beneficial interests in a Rule 144A Global Note may only be held by persons who are QIBs holding their interests for their own account or for the account of one or more other QIBs. By acquisition of a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Note (see "*Transfers and Transfer Restrictions*") below.

So long as a nominee for the Common Safekeeper is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set out under "*Issuance of Registered 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. 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 Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg, as applicable, unless and until Registered 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 a Global Note, unless and until Book-Entry Interests are exchanged for Registered Definitive Notes, the Global Note held by the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out 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 the 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 Joint Arrangers, the Joint Lead Managers, the Note Trustee, the Security Trustee, a Paying Agent, the Agent Bank, the Cash Manager, the Registrar 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 the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of Elavon Financial Services DAC, UK Branch (the **Principal Paying Agent**), on behalf of the Issuer to the order of 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 order of 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 neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, after receipt of any payment from the Principal Paying Agent to the order of 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 applicable. On each Record Date, Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The **Record Date** in respect of the Notes means: (i) where the Notes are in global registered form and held by Euroclear or Clearstream, Luxembourg, the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date, and (ii) where the Notes are in definitive registered form, the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in a "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer (including the Cash Manager or a Paying Agent), the Joint Arrangers, the Joint Lead Managers, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or for 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 a 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 to 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 a Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the clearing systems and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a pro rata basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note 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 relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

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. See the section entitled "*Description of the Global Notes – General*" above.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*", and the holder of any Rule 144A Global Note or any Book-Entry Interest in such Rule 144A Global Note will undertake that it will not transfer such Notes except in compliance with the transfer restrictions set forth in such legend. A Book-Entry Interest in a Rule 144A Global Note of one Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Regulation S Global Note of the same Class whether before or after the expiration of the period of 40 days to be calculated after the later of the commencement of the offering of the Regulation S Notes and the Closing Date (the **Distribution Compliance Period**), only upon receipt by the Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144A under the Securities Act (if available).

Each Regulation S Global Note will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*". Prior to the expiration of the Distribution Compliance Period, a Book-Entry Interest in a Regulation S Global Note of a particular Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class only upon receipt by the Issuer of written certification from the transferor to the effect that such transfer is being made to a person who the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a QIB within the meaning of Rule 144A, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state or any other jurisdiction of the United States.

Any Book-Entry Interest in a Regulation S Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Regulation S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it remains such a Book-Entry Interest. Any Book-Entry Interest in a Rule 144A Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Regulation S Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Regulation S Global Note as long as it remains such a Book-Entry Interest.

Issuance of Registered Definitive Notes

Holders of Book-Entry Interests in a Rule 144A Global Note or a Regulation S Global Note will be entitled to receive Notes in definitive registered form (such exchanged Global Notes in definitive registered form, **Registered Definitive Notes**) in exchange for their respective holdings of Book-Entry Interests if (a) in the case of Global Notes cleared by Euroclear and Clearstream, Luxembourg, both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and 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 administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form.

In order to receive a Registered Definitive Note a person having an interest in a Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Registered Definitive Note.

Any Registered Definitive Note issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg as applicable, from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Registered Definitive Notes for Book-Entry Interests in such Global Note. Any Notes issued in definitive registered form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of fifteen days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Registered Definitive Notes will be issued in a denomination that is an integral multiple of the minimum Authorised Denomination. See "*Risk Factors – Risks relating to the Characteristics of the Notes and the Certificates – Issuance of Registered Definitive Notes*".

Action in respect of the Global Notes and the Book-Entry Interests

Not later than ten days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note,

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 Note 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 Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

While any Class of Notes is represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to the applicable Noteholders for communication by Euroclear and Clearstream, Luxembourg to such Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for such electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of the London Stock Exchange allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (*Note Trustee's Discretion to Select Alternative Method*), sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

New Safekeeping Structure

The Notes will be deposited with one of Euroclear and/or Clearstream, Luxembourg (each an **ICSD** and together the **ICSDs**) as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper (the **New Safekeeping Structure**).

Issuer ICSD Agreement

Prior to the issuance of the Notes, the Issuer will enter into an Issuer ICSD agreement with the ICSDs (the **Issuer ICSDs**) in respect of the Notes (the **Issuer ICSD Agreement**). The Issuer ICSDs will, in respect of the Notes (while being held in the new safekeeping structure), maintain their respective portion of the outstanding of the issue amount through their records. The Issuer ICSD Agreement will be governed by English law.

DESCRIPTION OF THE GLOBAL CERTIFICATES

General

Each Class of Certificates, as at the Closing Date, is represented by a Global Certificate. The Global Certificates will be in fully registered form. The Global Certificates will be registered in the name of BT Globenet Nominees Limited as the nominee for the Common Depository for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Depository as the owner of the Global Certificates. The Registrar will maintain a register in which it will register the nominee for the Common Depository as the holder of the Global Certificate.

Euroclear or Clearstream, Luxembourg, as the case may be, has recorded the beneficial interests in the Global Certificate (**Certificate Book-Entry Interests**) representing beneficial interests in the Certificates attributable thereto.

Ownership of Certificate Book-Entry Interests will be limited to Participants or 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 will also include persons that hold beneficial interests through such Indirect Participants. Certificate 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 Certificate 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 Joint Lead Managers. Ownership of Certificate Book-Entry Interests will be shown on, and transfers of Certificate 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 Certificate Book-Entry Interests.

So long as the nominee for the Common Depository is the registered holder of the Global Certificate underlying the Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Certificate represented by that Global Certificate for all purposes under the Trust Deed. Except as set out under the section entitled "*Description of the Global Certificates – Issuance of Registered Definitive Certificates*". Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Certificate 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 Certificate Book-Entry Interests, to exercise any rights and obligations of a holder of Certificates under the Trust Deed. See the section entitled "*Action in respect of the Global Certificates and the Certificate Book-Entry Interests*" below.

Unlike legal owners or holders of the Certificates, holders of the Certificate 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 Certificateholders. Instead, a holder of Certificate Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Certificate Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Certificate Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until

Definitive Certificates are issued in accordance with the Certificate 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.

Unless and until Certificate Book-Entry Interests are exchanged for Definitive Certificates, the Certificates held by the nominee for the Common Depository may not be transferred except as a whole by that nominee for the Common Depository to a successor nominee for that Common Depository or a nominee of a successor of the Common Depository.

Purchasers of Certificate Book-Entry Interests in a Certificate will hold Certificate Book-Entry Interests in the Certificates relating thereto. Investors may hold their Certificate Book-Entry Interests in respect of a Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section entitled "*Transfer 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 Certificate Book-Entry Interests in each Certificate 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 Certificate Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Joint Arrangers, the Joint Lead Managers, the Note Trustee, the Security Trustee, a Paying Agent, the Agent Bank, the Cash Manager, the Registrar 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.

Transfer and Transfer Restrictions

All transfers of Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See the section entitled "*Description of the Global Notes – General*" above.

Issuance of Registered Definitive Certificates

Holders of Book-Entry Interests in the Global Certificate will be entitled to receive Certificates in definitive registered form (such as exchanged Global Certificates in definitive registered form, **Registered Definitive Certificates**) in exchange for their respective holdings of Certificate Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for the settlement of beneficial interests in such Global Certificates and do in fact do either of those things and 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 administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Certificates which would not be required were the Notes in definitive registered form. Any Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with

respect to ownership of the relevant Certificate Book-Entry Interests. Holders of Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will not be entitled to exchange such Registered Definitive Certificates for Certificate Book-Entry Interests in such Global Certificate. Any Certificates issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfer and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of fifteen days immediately preceding any due date for payment in respect of the Certificate.

Payments on Global Certificate

Payment of amounts due in respect of the Global Certificate will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Depository or its nominee as the registered holder thereof with respect to the Global Certificate.

Each holder of Certificate Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Depository or its nominee in respect of those Certificate Book-Entry Interests. All such payments will be distributed without deduction or withholding for 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.

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 the lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg provide various services, including the 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 depository 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 Certificate Book-Entry Interests or if an owner of a Certificate Book-Entry Interest desires to give instructions or to 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 Certificate 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.

Action in respect of the Global Certificates and the Certificate Book-Entry Interests

Not later than ten days after receipt by the Issuer of any notice in respect of a Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the Certificateholder of such Global Certificate, 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 Certificate Book-Entry Interests or the Global Certificates; 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 Certificate Book-Entry Interests or the Global Certificates in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section entitled "*General*" above, with respect to soliciting instructions from their respective Participants.

Notices

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Certificateholders for communication by Euroclear and Clearstream, Luxembourg to the Certificateholders and shall procure that the information contained in such notice shall appear on a Relevant Screen (see also Certificate Condition 15 (*Notice to Certificateholders*)). The Note Trustee may, in accordance with Certificate Condition 15.2 (*Note Trustee's Discretion to Select Alternative Method*), sanction other methods of giving notice to all or some of the Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

Issuer-ICSDs Agreement

Prior to the issuance of the Certificates, the Issuer will enter into an Issuer-ICSDs Agreement with the ICSDs in respect of the Certificates. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any of the Certificates (while being held in the NSS), maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by the laws of England and Wales.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The £2,317,612,000.00 Class A mortgage backed floating rate notes due October 2062 (the **Class A Notes**), the £137,953,000.00 Class B mortgage backed floating rate notes due October 2062 (the **Class B Notes**), the £96,567,000.00 Class C mortgage backed floating rate notes due October 2062 (the **Class C Notes**), the £55,181,000.00 Class D mortgage backed floating rate notes due October 2062 (the **Class D Notes**), the £41,386,000.00 Class E mortgage backed floating rate notes due October 2062 (the **Class E Notes**), the £41,386,000.00 Class F mortgage backed floating rate notes due October 2062 (the **Class F Notes**), the £20,693,000.00 Class X mortgage backed floating rate notes due October 2062 (the **Class X Notes**), the £68,977,000.00 Class Z mortgage backed zero rate notes due October 2062 (the **Class Z Notes**) and the £35,868,000.00 Class R mortgage backed zero rate notes due October 2062 (the **Class R Notes**).

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes are collectively the **Rated Notes**. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes are collectively the **Floating Rate Notes** and the Floating Rate Notes together with the Class Z Notes and the Class R Notes, the **Notes**, in each case of Bridgegate Funding PLC (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) entered into on 19 January 2023 (the **Closing Date**) and made between, among others, the Issuer and U.S. Bank Trustees Limited as note trustee for the Noteholders (in such capacity, the **Note Trustee**).

Any reference in these terms and conditions (the **Conditions**) to a Class of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Note and the Class R Notes, as the case may be, or to the respective holders thereof. Any reference in these Conditions to a Class of Certificate or of Certificateholders shall be a reference to the Class S Certificates or the Residual Certificates or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by or pursuant to a deed of charge and assignment (the **Deed of Charge**) entered into on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as security trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) entered into on the Closing Date in connection with the issuance of the Notes and made between, among others, the Issuer, the Note Trustee and Elavon Financial Services DAC, UK Branch 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**), Elavon Financial Services DAC, UK Branch as registrar (in such capacity, the **Registrar**) and Elavon Financial Services DAC, UK Branch 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 a master definitions and construction schedule (the **Master Definitions and Construction Schedule**) entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the

Closing Date in connection with the issuance of the Notes and the other Transaction Documents (as defined therein).

Physical 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 during normal business hours at the specified office for the time being of the Paying Agent, or the Paying Agent may provide access to such documents to the requesting Noteholders upon reasonable request by providing access to the Principal Paying Agent's online portal. 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 applicable to them.

2. INTERPRETATION

2.1 Definitions

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.

2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Class of Notes will initially be represented by a global note certificate in registered form (a **Global Note**).

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of, with respect to the Rule 144A Global Notes, and with respect to the Regulation S Global Notes, Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), as appropriate.

The aggregate nominal amount of each Class of Notes initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S (**Regulation S**) under the United States Securities Act of 1933, as amended (the **Securities Act**), is represented by one or more global registered notes in fully registered form (the **Regulation S Global Notes**) without coupons attached. The aggregate nominal amount of the Rule 144A Notes initially offered and sold within the United States to persons who are "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the Securities Act (**Rule 144A**), in transactions made in accordance with Rule 144A, is represented by one or more global registered notes in fully registered form without coupons attached (the **Rule 144A Global Notes** and together with the Regulation S Global Notes, the **Global Notes**).

For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum denominations: (a) in respect of the Rule 144A Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof and (b) in respect of the Regulation S Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof.

A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Notes in definitive registered form, the **Registered Definitive Notes**) only if any of the following applies:

- (a) in the case of the Global Notes, 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 or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes or in fact do either of those things,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 the Notes which would not be required were the relevant Notes in definitive registered form.

If Registered Definitive Notes are issued in respect of Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes in registered definitive form. The aggregate principal amount of the Registered Definitive Notes shall be equal to the Principal Amount Outstanding of the Notes 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 relevant Global Note.

Registered Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Notes in definitive form (if issued and printed) will be issued in the minimum denominations: (a) in respect of the Rule 144A Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof and (b) in respect of the Regulation S Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof (or the equivalent thereto).

References to **Notes** in these Conditions shall include the Global Notes and the Registered Definitive Notes.

3.2 Title

Title to the Global Notes shall pass by and upon registration in the register (the **Register**) which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Registered Definitive Note shall only pass by and upon registration of the transfer in the Register.

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations specified in Condition 3.1 (*Form and Denomination*). All transfers of Registered Definitive Notes are subject to any restrictions on transfer set out on the Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

4.1 Status and relationship between the Notes and Certificates

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal and *pari passu* without preference or priority among themselves in relation to payment of interest. The Class A Notes and the Class S Certificates rank pro rata and *pari passu* without preference or priority among themselves in relation to payment of interest (in respect of the Class A Notes), the Class S1 Certificate Payments (in respect of the Class S1 Certificates), and the Class S2 Certificate Payments (in respect of the Class S2 Certificates) as provided in these Conditions and the Transaction Documents.

Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the **Class A Noteholders**), in respect of the Class S1 Certificates, the interests of the person who for the time being is registered in the Register as holder of the Class S1 Certificates (the **Class S1 Certificateholder**) and in respect of the Class S2 Certificates, the interests of the person who for the time being is registered in the Register as holder of the Class S2 Certificates (the **Class S2 Certificateholder**, the Class S1 Certificateholder and the Class S2 Certificateholder together are the **Class S Certificateholders**) will subordinate the interests of the holders of all other Classes of Notes and Certificates.

- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal, subordinate to the Class A Notes and the Class S Certificate Payments, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the **Class B Noteholders**) will be subordinated to the interests of the Class A Noteholders and the Class S Certificateholders (so long as any Class A Notes or Class S Certificates remain outstanding).

- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, subordinate to the Class A Notes, the Class S Certificate Payments and the Class B Notes, and as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class C Notes (the **Class C Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class S Certificateholders and the Class B Noteholders (so long as any Class A Notes and/or any Class S Certificates and/or any Class B Notes remain outstanding).
- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, subordinate to the Class A Notes, the Class S Certificate Payments, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the **Class D Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class S Certificateholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class S Certificateholders and/or any Class B Notes and/or any Class C Notes remain outstanding).
- (e) The Class E Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority among themselves in relation to the payment of interest and principal at all times, subordinate to the Class A Notes, the Class S Certificate Payments, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class E Notes (the **Class E Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class S Certificateholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes and/or any Class S Certificates and/or any Class B Note and/or any Class C Notes and/or any Class D Notes remain outstanding).
- (f) The Class F Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class F Notes rank *pari passu* without preference or priority among themselves in relation to the payment of interest and principal at all times, subordinate to the Class A Notes, the Class S Certificate Payments, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class F Notes (the **Class F Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class S Certificateholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (so long as any Class A Notes and/or any Class S Certificates and/or any Class B Note and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes remain outstanding).
- (g) The Class X Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class X Notes rank *pari passu* without preference

or priority among themselves in relation to the payment of interest at all times, subordinate to (prior to the service of an Enforcement Notice on the Issuer) all payment of interest due in respect of the Class A Notes, the Class S Certificate Payments and all payment of interest due in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and (following the service of an Enforcement Notice on the Issuer) all payments due in respect of the Class A Notes, the payment of the Class S Certificate Payments and all payments due in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, and the Class F Notes, as provided in these Conditions and the Transaction Documents. The interests of the persons who for the time being are registered in the Register as holders of the Class X Notes (the **Class X Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class S Certificateholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders (so long as any Class A Notes and/or any Class S Certificates and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes and/or any Class F Notes remain outstanding).

- (h) The Class Z Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class Z Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal at all times, subordinate to the Class A Notes, the Class S Certificate Payments, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class Z Notes (the **Class Z Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class S Certificateholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class X Noteholders (so long as any Class A Notes and/or any Class S Certificates and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes and/or any Class F Notes and/or any Class X Notes remain outstanding).
- (i) The Class R Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class R Notes rank *pari passu* without preference or priority among themselves in relation to the payment of interest at all times, subordinate to (prior to the service of an Enforcement Notice on the Issuer) all payment of interest due in respect of the Class A Notes, the Class S Certificate Payments and all payment of interest due in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes and the Class Z Notes and (following the service of an Enforcement Notice on the Issuer) all payments due in respect of the Class A Notes, the payment of the Class S Certificate Payments and all payments due in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes and the Class Z Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class R Notes (the **Class R Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class S Certificateholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class X Noteholders and the Class Z Noteholders (so long as any Class A Notes and/or any Class S Certificates and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes and/or any Class F Notes and/or any Class X Notes and/or any Class Z Notes remain outstanding).
- (j) The Residual Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 11.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Residual Certificates rank *pari passu* without preference or priority among

themselves in relation to the payment of the Residual Certificate Payment, subordinate to the Class A Notes, the Class S Certificate Payments, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes and the Class R Notes as provided in these Conditions and the Transaction Documents. Accordingly, the Residual Certificateholders will be subordinated to the interests of each of the Class A Noteholders, the Class S Certificateholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class X Noteholders, the Class Z Noteholders and the Class R Noteholders (so long as any Class A Notes and/or any Class S Certificates and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes and/or any Class F Notes and/or Class X Notes and/or any Class Z Notes and/or any Class R Notes remain outstanding).

- (k) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of holders of each Class of the Notes and each Class of Certificates equally (and at all times have regard to and subject always to the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise) but requiring the Note Trustee where there is a conflict of interests between one or more Classes of Notes and/or the Certificates in any such case to have regard (except as expressly provided otherwise and at all times have regard to and subject always to the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes or Certificates in the Post-Enforcement Priority of Payments (other than the Class S Certificates, in respect of which the Note Trustee will have regard only as to the Class S Certificates Entrenched Rights).
- (l) The Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class of Certificateholders to pass an effective Extraordinary Resolution (and at all times to have regard to and subject always to the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) according to the effect thereof on the interests of the holders of the Class or Classes of Notes and/or Certificates ranking in priority thereto. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*), the Trust Deed and the Deed of Charge contain no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification, the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) on the holders of all other Classes of Notes and all other Classes of Certificates, in each case irrespective of the effect thereof on their respective interests.
- (m) Subject to the Retained Interest Entrenched Rights, the Retained Interest Holder will not be entitled to convene, count in the quorum or pass resolutions (including Extraordinary Resolutions and Ordinary Resolutions) in respect of any Notes or Certificates comprising the Retained Interest. Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the Retained Interest Holder (other than any resolutions in respect of a Retained Interest Entrenched Right unless the Retained Interest Holder has consented) if passed in accordance with the Conditions.
- (n) The Class S Certificateholders shall only be entitled to convene meetings of the Class S Certificateholders and/or pass resolutions in respect of the Class S Certificates in relation to matters affecting a Class S Certificates Entrenched Right. Any Ordinary Resolution or

Extraordinary Resolution affecting a Class S Certificates Entrenched Right will not be binding unless the Class S Certificateholders have consented in writing.

- (o) Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the Residual Certificateholders (save in respect of a Basic Terms Modification and any resolution which affects a Residual Certificates Entrenched Right or a Subordinated Notes Entrenched Rights) if passed in accordance with the Conditions.

As long as any Notes or Certificates are outstanding but subject to Condition 13.4, the Note Trustee and the Security Trustee shall not have regard to the interests of the other Secured Creditors.

4.2 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, the Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders, the Certificateholders 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.

5. COVENANTS AND UNDERTAKINGS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under these Conditions or 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 undertakings;
- (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) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the TSC Regulations;
- (d) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, declare any trust over or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (e) **Equitable and beneficial 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;
- (f) **Dividends or distributions by the Issuer:** 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 applicable 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;

- (g) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (h) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (i) **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, modified, terminated, postponed or waived 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;
- (j) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (k) **Purchase Notes or Certificates:** purchase or otherwise acquire any Notes or Certificates;
- (l) **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; or
- (m) **VAT:** apply to become part of any group with any other company or group of companies 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), 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.

6. INTEREST

6.1 Accrual of interest

Each Note (other than the Class R Notes and the Class Z Notes) bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (other than the Class R Notes and the Class Z Notes) (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due surrender in accordance with Condition 7 (*Payments*), payment of the principal in respect of the 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.

No interest will be payable in respect of the Class R Notes or the Class Z Notes.

6.2 Interest Payment Dates

- (a) Interest will be payable in arrears on each Interest Payment Date, for all Classes of Notes (other than the Class R Notes and the Class Z Notes). The first Interest Payment Date will be the Interest Payment Date falling on 17 April 2023.
- (b) In these Conditions, **Interest Payment Date** means the 16th day of January, April, July and October in each year or, if such day is not a Business Day, the immediately following Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).
- (c) Interest shall accrue from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date (each such period above, an **Interest Period**).

6.3 Rate of Interest

- (a) The rate of interest payable on the Notes (other than the Class R Notes and the Class Z Notes) from time to time (the **Rate of Interest**) will be determined on the basis of the Floating Rate of Interest as determined in accordance with paragraph (b) below.
- (b) The floating rate of interest payable from time to time in respect of the Floating Rate Notes (each a **Floating Rate of Interest**) and any Interest Period will be determined on the basis of the following provisions:
 - (i) Subject to paragraph (ii) below, the Agent Bank will determine the Compounded Daily SONIA as at the Interest Calculation Date in question. The Floating Rate of Interest for the relevant Interest Period shall be the aggregate Compounded Daily SONIA plus the relevant Margin.
 - (ii) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to: (A) how the SONIA Reference Rate is to be determined: or (B) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, subject to receiving written instructions from the Issuer (upon which the Agent Bank shall be entitled to rely conclusively and without enquiry or liability) and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.
 - (iii) In the event that the Floating Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Floating Rate of Interest shall be (A) that determined as at the last preceding Interest Calculation 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 (B) if there is no such preceding Interest Calculation Date, the initial Floating Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) that first Interest Payment Date (but applying the relevant Margin applicable to the first Interest Period).

The minimum Floating Rate of Interest will be zero.

- (c) The Margin on the Floating Rate Notes (other than the Class X Notes) changes from the Initial Margin to the Step-Up Margin from (and including) the Interest Payment Date falling on the First Optional Redemption Date.
- (d) In these Conditions (except where otherwise defined), the expression:
- (i) **Affiliate** means, in relation to any person (A) a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; or (B) any other person that controls, is controlled by, or is under common control with, such person;
 - (ii) **Business Day** means a day (other than a Saturday or Sunday or a public holiday) on which banks are generally open for business in London;
 - (iii) **First Optional Redemption Date** means the Interest Payment Date falling in April 2026;
 - (iv) **Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary;
 - (v) **Interest Calculation Date** means the fifth London Banking Day before the Interest Payment Date on which the relevant Rate of Interest will apply;
 - (vi) **Interest Determination Ratio** means, on any Interest Payment Date, (A) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) divided by (B) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Servicer Reports;
 - (vii) **Margin** means:
 - (A) in respect of the Class A Notes, (1) prior to the First Optional Redemption Date, 1.50 per cent. per annum (the **Class A Initial Margin**) and (2) on and after the First Optional Redemption Date, 2.25 per cent. per annum (the **Class A Step-Up Margin**);
 - (B) in respect of the Class B Notes, (1) prior to the First Optional Redemption Date, 2.25 per cent. per annum (the **Class B Initial Margin**) and (2) on and after the First Optional Redemption Date, 3.25 per cent. per annum (the **Class B Step-Up Margin**);
 - (C) in respect of the Class C Notes, (1) prior to the First Optional Redemption Date, 3.00 per cent. per annum (the **Class C Initial Margin**) and (2) on and after the First Optional Redemption Date, 4.00 per cent. per annum (the **Class C Step-Up Margin**);
 - (D) in respect of the Class D Notes, (1) prior to the First Optional Redemption Date, 4.00 per cent. per annum (the **Class D Initial Margin**) and (2) on and after the First Optional Redemption Date, 5.00 per cent. per annum (the **Class D Step-Up Margin**);
 - (E) in respect of the Class E Notes, (1) prior to the First Optional Redemption Date, 5.00 per cent. per annum (the **Class E Initial Margin**) and (2) on and after the

- First Optional Redemption Date, 6.00 per cent. per annum (the **Class E Step-Up Margin**);
- (F) in respect of the Class F Notes, (1) prior to the First Optional Redemption Date, 6.00 per cent. per annum (the **Class F Initial Margin**) and (2) on and after the First Optional Redemption Date, 7.00 per cent. per annum (the **Class F Step-Up Margin** and together with the Class A Step-Up Margin, the Class B Step-Up Margin, the Class C Step-Up Margin, the Class D Step-Up Margin and the Class E Step-Up Margin each a **Step-Up Margin**));
 - (G) in respect of the Class X Notes, 9.00 per cent. per annum (the **Class X Initial Margin** and together with the Class A Initial Margin, the Class B Initial Margin, the Class C Initial Margin, the Class D Initial Margin, the Class E Initial Margin and the Class F Initial Margin, each an **Initial Margin**); and
 - (H) in respect of the Class R Notes and the Class Z Notes, no Margin applies;
- (viii) **Observation Period** means the period from and including the date falling five London Banking 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 London Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five London Banking Days prior to any such earlier date, if any, on which the Notes become due and payable);
- (ix) **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 the Conditions) and remain available for payment in accordance with the Conditions;
 - (C) those Notes which have been cancelled in accordance with Condition 8.11 (*Cancellation on redemption in full*) of the Notes;
 - (D) those Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 10 (*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 15 (*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 15 (*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,

- (H) for purposes of passing resolutions in respect of Notes or Certificates comprising the Retained Interest, except any matter that affects a Retained Interest Entrenched Right, those Notes or Certificates held by or on behalf of or for the benefit of the Retained Interest Holder shall be deemed not to remain outstanding, provided that where all of the Notes of any Class or all of the Certificates of any Class are held by or on behalf of or for the benefit of one or more Retained Interest Holder, the Notes or Certificates of that Class shall be deemed to remain outstanding or in issue (as the case may be); and

- (I) 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 or to participate in any Ordinary Resolution in writing, any Extraordinary Resolution in writing or an electronic consent as envisaged by paragraph 1 of Schedule 6 (*Provisions for Meetings of Noteholders and Certificateholders*) 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 14.1 (*Actions, Proceedings and Indemnification*) and Schedule 1 (*Form of the Regulation S Global Note*) and Schedule 2 (*Form of the Rule 144A Global Notes*) to the Trust Deed and Condition 11 (*Events of Default*), Condition 12 (*Enforcement*) and Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*);
- III. any discretion, power or authority (whether contained in the trust presents, 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 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 or Certificates (i) held by or on behalf or for the benefit of the Seller or any Affiliate thereof (other than the Retention Holder, Lloyds Bank plc and Bank of Scotland) (each such entity a **Relevant Person**) and (ii) any other Notes or Certificates for the time being held by or on behalf or for the benefit of a Relevant Person (unless such Relevant Person is separated by information barriers from the Joint Arrangers or Joint Lead Manager teams), shall, in each case, (unless and until ceasing to be so held) be deemed not to remain outstanding, provided that where all of the Notes of any Class or all of the Certificates of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case, such Classes of Notes or Certificates (the **Relevant Class of Notes** or the **Relevant Class of**

Certificates, as applicable) shall be deemed to remain outstanding or in issue (as the case may be);

- (x) **Reconciliation Amount** means in respect of any Collection Period (A) the actual Principal Receipts as determined in accordance with the available Servicer Reports, less (B) the Calculated Principal Receipts in respect of such Collection Period, plus (C) any Reconciliation Amount not applied in previous Collection Periods;
- (xi) **Reuters Screen SONIA Page** means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA Page on that service for the purpose of displaying such information or, if that service ceases to display such information, such page as displays such information on such service as may replace such screen;
- (xii) **Servicer Report** means a report to be provided by the Servicer after the end of the relevant Collection Period in the form set out in the Servicing Agreement;
- (xiii) **Compounded Daily SONIA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Calculation Date in question, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 per cent. being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

d is the number of calendar days in the relevant Interest Period;

d₀ is the number of London Banking Days in the relevant Interest Period;

i is a series of whole numbers from one to **d₀**, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period to, but excluding, the last London Banking Day in such Interest Period;

LBD means a London Banking Day;

London Banking Day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n_i, for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following London Banking Day; and

SONIA_{i-5LBD} means in respect of any London Banking Day falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling five Business Days prior to that Business Day "i";

- (xiv) **SONIA Reference Rate** means in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to, and published by, authorised distributors of the rate as of 9am London time on the Reuters Screen SONIA Page or, if the Reuters Screen SONIA Page is unavailable, as otherwise published by

such authorised distributors (on the London Banking Day immediately following such Business Day).

If, in respect of any London Banking Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Reuters Screen SONIA Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (A) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (B) 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; and

(xv) **Subsidiary** means any person (referred to as the first person) in respect of which another person (referred to as the second person):

- (A) holds a majority of the voting rights in that first person or has the right under the constitution of the first person to direct the overall policy of the first person or alter the terms of its constitution; or
- (B) is a member of that first person and has the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
- (C) has the right to exercise (directly or indirectly) a dominant influence (which must include the right to give directions with respect to operating and financial policies of the first person which its directors are obliged to comply with whether or not for its benefit) over the first person by virtue of provisions contained in the articles (or equivalent) of the first person or by virtue of a control contract which is in writing and is authorised by the articles (or equivalent) of the first person and is permitted by the law under which such first person is established; or
- (D) is a member of that first person and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the first person or the rights under its constitution to direct the overall policy of the first person or alter the terms of its constitution; or
- (E) has the power to exercise, or actually exercises (in either case, directly or indirectly) dominant influence or control over the first person; or
- (F) together with the first person are managed on a unified basis,

and for the purposes of this definition, a person shall be treated as a member of another person if any of that person's Subsidiaries is a member of that other person or, if any shares in that other person are held by a person acting on behalf of it or any of its Subsidiaries. A subsidiary undertaking shall include any subsidiary undertaking the shares of which (if any) are subject to a security interest and where the legal title to the shares so secured are registered in the name of the secured party or its nominee pursuant to such security.

6.4 Determination of Floating Rates of Interest and Floating Interest Amounts

- (a) In relation to the Notes, the Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on the Interest Calculation Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amounts (the **Floating Interest Amount**) that would be payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period if the Floating Rate of Interest applies to such Notes.
- (b) The Floating Interest Amounts shall, in respect of a Class of Floating Rate Notes, be determined by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of such Class of Floating Rate Notes and multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

6.5 Publication of Floating Rates of Interest and Floating Interest Amounts

The Agent Bank shall cause the Floating Rate of Interest and the Floating Interest Amounts for each Class of Notes in respect of each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date. The Floating 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.

6.6 Notifications 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 6 by the Agent Bank will (in the absence of manifest error) be binding on the Issuer, the Note Trustee, the Agent Bank, the 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 or the Agent Bank in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6.

6.7 Agent Bank

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an agent bank for the purposes of the Notes. The Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank and shall, 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 Floating Rate of Interest or the Floating Interest Amounts in respect of any Class of Notes for any Interest Period, 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. The appointment of the Agent Bank shall not be terminated without a successor having been appointed on terms by the Issuer or (where the Issuer fails to appoint a successor within the period provided for in the Agency Agreement) by the Agent Bank, in each case in accordance with the terms of the Agency Agreement.

6.8 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive all three Servicer Reports to be delivered by the Servicer with respect to the Determination Period, then the Cash Manager may use the Servicer Reports in respect of the three most recent Collection Periods for which all relevant Servicer Reports are available (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in paragraph (b) below. When the Cash Manager receives the Servicer Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in paragraph (b)(i) below. Any (i) calculations properly made on the basis of such estimates in accordance with paragraph (b) and/or paragraph (b)(i) below; (ii) payments made under any of the Notes, Certificates 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 paragraph (b) and/or paragraph (b)(i) below, shall be deemed to be made 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 on the Calculation Date immediately preceding the relevant Interest Payment Date:
- (i) determine the Interest Determination Ratio (as defined above) by reference to the three most recent Collection Periods in respect of which all relevant Servicer Reports are available (or, where there are not at least three previous Servicer Reports, any previous 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) one minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the **Calculated Principal Receipts**).
- (c) Following the end of any Determination Period, upon receipt by the Cash Manager of the Servicer Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with paragraph (b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount as follows:
- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the positive 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 positive 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 Note Trustee of such Reconciliation Amount.

7. PAYMENTS

7.1 Payment of Interest and Principal

Subject to Condition 3.1 (*Form and Denomination*), payments of any amount in respect of a Note, including principal and interest, shall be made by upon application by the relevant Noteholder to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Global Note or Registered Definitive Notes (as the case may be) at the specified office of any Paying Agent.

7.2 Laws and Regulations

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to (a) any fiscal or other laws and regulations applicable thereto and (b) 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 Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto (**FATCA**). Noteholders will not be charged commissions or expenses on payments.

7.3 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 6.1 (*Accrual of interest*) and Condition 6.3 (*Rate of Interest*) will be paid in accordance with this Condition 7.

7.4 Change of Paying Agents

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 Paying Agents or the Registrar and to appoint additional or other agents provided that the appointment of the Principal Paying Agent or the Registrar shall not be terminated without a successor having been appointed by the Issuer or (where the Issuer fails to appoint a successor within the period provided for in the Agency Agreement) by the Principal Paying Agent or Registrar (as applicable), in each case in accordance with the terms of the Agency Agreement.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

7.5 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 and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5, 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.

7.6 Partial Payment

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

7.7 Payment of Interest

If interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 7.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 7.1 (*Payment of Interest and Principal*)), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given by the Issuer in accordance with Condition 16 (*Notice to Noteholders*).

8. REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed in full and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding (together with accrued but unpaid interest (including any interest deferred in accordance with Condition 17 (*Subordination by Deferral*)) up to but excluding the date of redemption) on the Interest Payment Date falling in October 2062 (the **Final Redemption Date** or **Final Maturity Date**).

8.2 Mandatory Redemption

- (a) Prior to the service of an Enforcement Notice, each Class of Notes (other than the Class X Notes and the Class R Notes) shall be redeemed on each Interest Payment Date in an amount equal to the Available Principal Receipts available for such purpose in accordance with the Pre-Enforcement Principal Priority of Payments which shall be applied, following the payment of any Principal Addition Amount, in the following order of priority:
- (i) pro rata and *pari passu*, to repay the Class A Notes until they are each repaid in full; and thereafter to be applied
 - (ii) to repay the Class B Notes until they are each repaid in full; and thereafter to be applied
 - (iii) to repay the Class C Notes until they are each repaid in full; and thereafter to be applied
 - (iv) to repay the Class D Notes until they are each repaid in full; and thereafter to be applied
 - (v) to repay the Class E Notes until they are each repaid in full; and thereafter to be applied
 - (vi) to repay the Class F Notes until they are each repaid in full; and thereafter to be applied
 - (vii) to repay the Class Z Notes until they are each repaid in full,

in each case, together with accrued but unpaid interest (including any interest deferred in accordance with Condition 17 (*Subordination by Deferral*)) up to but excluding the date of redemption.

- (b) Prior to the service of an Enforcement Notice, the Class X Notes and the Class R Notes shall be redeemed on each Interest Payment Date in an amount equal to the Available Revenue

Receipts available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments, together with accrued but unpaid interest (including any interest deferred in accordance with Condition 17 (*Subordination by Deferral*)) up to but excluding the date of redemption.

- (c) The principal amount to be redeemed in respect of a Class of Notes (the **Note Principal Payment**) in accordance with paragraphs (a) and (b) above on any Interest Payment Date prior to the service of an Enforcement Notice shall be the Available Principal Receipts (or, in the case of the Class X Notes and Class R Notes, the Available Revenue Receipts) on such Interest Payment Date in accordance with the relevant Priority of Payments, as calculated on the Calculation Date immediately preceding such Interest Payment Date, divided by the amount of Notes in the relevant Class then outstanding. With respect to each Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in paragraph (ii) above) and the denominator, in the case of the Notes, is the aggregate Principal Amount Outstanding on the Notes of the same class. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of manifest error) be final and binding on all persons.
- (d) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of the London Stock Exchange and admitted to trading on its Regulated Market) the London Stock Exchange, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

8.3 Optional Redemption for Taxation or Other Reasons

If, following the determination of the Seller:

- (a) 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 the Issuer or the Paying Agents would be required to deduct or withhold from any payment on any Notes or of a Certificate Payment Amount on any Certificates (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes or Certificates) 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; or
- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes or Certificates,

then the Issuer shall, if the same would avoid the effect of such relevant event described in paragraph (a) or (b) above appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or

tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the 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 holders of the Notes of any Class (and in making such determination, the Note Trustee may rely absolutely, without investigation or inquiry, on (A) any confirmation made in writing from each of the Rating Agencies that the then current ratings of the Rated Notes would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming, the Issuer has certified in writing to the Cash Manager, the Note Trustee and the Security Trustee that such proposed action (i) (while any Rated Notes remain outstanding) has been notified to the Rating Agencies, (ii) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (iii) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security and (iv) (while any of the Rated Notes remain outstanding) would not have an adverse effect on the rating of the Rated Notes (upon which confirmation or certificate the Note Trustee shall be entitled to rely absolutely without enquiry or liability to any person for so doing)); 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.
- (c) If the Issuer and the Seller satisfy the Note Trustee immediately before giving the notice referred to below that one or more of the events described in paragraph (a) or (b) above 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 following exercise by (i) the Portfolio Option Holder of the Portfolio Purchase Option; and (ii) provided that the Portfolio Option Holder has not exercised the Portfolio Purchase Option, the Seller of the Tax/Illegality Option, and having given not more than 60 nor less than five days' notice (or, in the case of an event described in paragraph (b) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Note Trustee and holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*), redeem all (but not some only) of the 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, prior to giving any such notice, the Issuer shall have provided to the Note Trustee:
- (i) a certificate signed by two directors of the Issuer stating that (A) one or more of the circumstances referred to in paragraph (a) or (b) above prevail(s), (B) setting out details of such circumstances and (C) confirming that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution and a confirmation from the Seller that the Seller also confirms items (A), (B) and (C) (other than in respect of whether the Issuer has used reasonable endeavours and is unable to arrange such appointment or substitution); and
 - (ii) 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 has or will become obliged to deduct or withhold amounts as a result of such change.

The Note Trustee shall be entitled to accept and rely absolutely upon such certificate and opinion without any enquiry or liability as sufficient evidence of the satisfaction of the circumstances set out in paragraph (ii) immediately above, in which event they shall be conclusive and binding on each Class of the Notes.

The Seller shall notify the Portfolio Option Holder of its intention to serve a notice on the Issuer requiring it to redeem all (but not some only) of such Notes as soon as reasonably practicable and by no later than ten Business Days after the occurrence of any event specified in this Condition 8.3. If the Portfolio Option Holder notifies the Seller within ten Business Days of the Seller having indicated its intention to serve a notice on the Issuer that the Portfolio Option Holder intends to exercise the Portfolio Purchase Option, the Seller shall not serve a notice on the Issuer (unless the Portfolio Option Holder has not subsequently exercised the Portfolio Purchase Option) and any notice served in such circumstances shall be invalid. If the Portfolio Option Holder does not elect to exercise the Portfolio Purchase Option then the Seller shall be entitled to purchase the Mortgage Loans pursuant to the Tax/Illegality Option.

The Issuer may only redeem the 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 Notes and cancel the Certificates as aforesaid and any amounts required under the Post-Enforcement Priority of Payments to be paid in priority to the Residual Certificates then in issue in accordance with the Conditions, such certification to be provided by way of a certificate signed by two directors of the Issuer on which the Note Trustee shall be entitled to rely without any enquiry or liability. Such certification shall be conclusive and binding on the holders of Notes.

8.4 Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option

- (a) On giving not more than 30 nor less than five days' notice to the holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, the Issuer shall, following the exercise by the Portfolio Option Holder of the Portfolio Purchase Option and subject always to TMB in its capacity as Servicer and Legal Title Holder having confirmed satisfaction of the New Issue Conditions Precedent, redeem on the relevant Optional Redemption Date or any Payment Date thereafter, all (but not some only) of the Notes on such Optional Redemption Date, provided that 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 Notes on the relevant Optional Redemption Date and to discharge all other amounts required under the Post-Enforcement Priority of Payments to be paid in priority to the Residual Certificates then in issue (such certification to be provided by way of certificate signed by two directors of the Issuer), on which the Note Trustee shall be entitled to rely without any enquiry or liability.
- (b) Following the service of an Enforcement Notice, the Portfolio Option Holder may during the Option Holder Purchase Period offer to purchase the Mortgage Loans comprising the Mortgage Portfolio at the Portfolio Purchase Option Purchase Price and the Security Trustee shall not be entitled to dispose of any Mortgage Loans comprising the Charged Assets or any part thereof during the Option Holder Purchase Period or following the receipt of an offer from the Portfolio Option Holder to the Security Trustee's satisfaction.
- (c) Any Note redeemed pursuant to paragraph (a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued

(and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.

Optional Redemption Date means the date of Early Redemption of the Notes:

- (i) on the Interest Payment Date following the date on which the Issuer has given notice to the Portfolio Option Holder of its intention to redeem the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), provided that any election to exercise the Portfolio Purchase Option in these circumstances must be notified to the Note Trustee within 20 Business Days of receipt of such notice;
- (ii) on the First Optional Redemption Date or any Interest Payment Date following the First Optional Redemption Date;
- (iii) on any Interest Payment Date on which the aggregate Current Balance of the Loans in the Mortgage Portfolio (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio on the Closing Date;
- (iv) on any Interest Payment Date following the date on which the Seller gives notice of its intention to exercise the Regulatory Change Event Option following the date on which the Seller has determined that a Regulatory Change Event has occurred; or
- (v) on any Interest Payment Date following the date on which the Retention Holder (or its nominees) or the Seller (or any of their nominees) gives notice of its intention to exercise the Risk Retention Regulatory Change Option following the date on which the Retention Holder and the Seller jointly determine that a Risk Retention Regulatory Change Event has occurred.

8.5 Mandatory Redemption in full pursuant to the exercise of the Clean-up Purchase Option

- (a) On giving not more than 30 nor less than five days' notice to the holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, the Issuer shall, following the exercise of the Clean-up Purchase Option, redeem on the relevant Optional Redemption Date, all (but not some only) of the Notes on such Optional Redemption Date, provided that 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 Notes on the relevant Optional Redemption Date and any other amounts due by the Issuer and ranking senior to the Most Senior Class of Notes in order to enable the Issuer to redeem in full all outstanding Notes in accordance with the applicable Priority of Payments (such certification to be provided by way of a certificate signed by two directors of the Issuer), on which the Note Trustee shall be entitled to rely without any enquiry or liability.
- (b) Any Note redeemed pursuant to paragraph (a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.

8.6 Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option

- (a) On any Business Day, if a Risk Retention Regulatory Change Event occurs and (i) the Portfolio Option Holder (or its nominee) exercises the Portfolio Purchase Option; or (ii) provided that the Portfolio Option Holder (or its nominee) has not exercised the Portfolio Purchase Option,

the Retention Holder (or its nominee) exercises the Risk Retention Regulatory Change Option or (iii) provided that neither the Portfolio Option Holder (or its nominee) nor the Retention Holder (or any of its nominees) elects to purchase the Mortgage Loans, the Seller (or any of its nominees) elects to re-acquire (or procures the re-acquisition of) the entire beneficial interest of the Issuer in the Mortgage Portfolio, the Issuer will give not more than 40 nor less than five Business Days' notice to (i) the Noteholders in accordance with Condition 16 (*Notice to Noteholders*), (ii) the Note Trustee, and (iii) the Notes will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Portfolio Option Holder, the Retention Holder or the Seller (or any of their nominees) (as applicable), provided that 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 Notes on the relevant Interest Payment Date and to discharge all other amounts required under the Post-Enforcement Priority of Payments to be paid in priority to the Residual Certificates then in issue, such certification to be provided by way of certificate signed by two directors of the Issuer on which the Note Trustee shall be entitled to rely without any enquiry or liability.

- (b) Any Note redeemed pursuant to paragraph (a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to, but excluding, the relevant Interest Payment Date.

Risk Retention Regulatory Change Event means any change in or the adoption of any new law, rule, technical standards or regulations or any determination of a relevant regulator as jointly determined by the Seller and the Retention Holder, which:

- (i) as a matter of law or regulation, has a binding effect on the Retention Holder or the Seller after the Closing Date which would impose a positive obligation on either of them to subscribe for Notes over and above those required to be maintained by it under its Risk Retention Undertaking or otherwise imposes additional material obligations on the Retention Holder or the Seller in order to maintain compliance with the Risk Retention Requirements;
- (ii) as a matter of law or regulation, in respect of the Retention Holder, results in the Retention Holder no longer being able to qualify as an eligible retainer of the Retained Interest for purposes of the Risk Retention Requirements; and the Retention Holder is not able to transfer the Retained Interest to one of its affiliates without violating the Risk Retention Requirements or any other applicable law, or incurring any additional material costs or obligations in connection with any such transfer, in any case, as determined by the Retention Holder, in its sole discretion; or
- (iii) by virtue of the Retention Holder's obligation to comply with the Risk Retention Undertaking, would, in respect of the Retention Holder, have an analogous effect or result to those specified in paragraphs (a) and (b) above.

Risk Retention Regulatory Change Option means the option of the Retention Holder to acquire all but not some of the Portfolio, following a Risk Retention Regulatory Change Event; provided that if the Retention Holder has not exercised the Risk Retention Regulatory Change Option, then the Seller may exercise the option to acquire all but not some of the Portfolio.

Risk Retention Requirements means Article 6 of the UK Securitisation Regulation, and any replacement thereof, and Article 6(1) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) not taking into account any relevant national measures, as if it were applicable to it, but solely as such articles are interpreted and applied on the Closing Date and the U.S. Credit Risk Retention Requirements.

U.S. Credit Risk Retention Requirements means Section 15G of the U.S. Securities Exchange Act of 1934, as amended, and the final rules related thereto published on 24 December 2014 in the Federal Register by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the SEC and the Department of Housing and Urban Development.

UK Regulators means the Prudential Regulation Authority and the Financial Conduct Authority (or their successor).

8.7 Mandatory Redemption of the Notes following the exercise of a Regulatory Change Event Option

- (a) On any Business Day, if a Regulatory Change Event occurs and (i) the Portfolio Option Holder exercises the Portfolio Purchase Option; or (ii) provided that the Portfolio Option Holder (or its nominee) has not exercised the Portfolio Purchase Option, the Seller (or any of its nominees) elects to re-acquire (or procure the re-acquisition of) the entire beneficial interest of the Issuer in the Mortgage Portfolio, the Issuer will give not more than 40 nor less than five Business Days' notice to: (i) the Noteholders in accordance with Condition 16 (*Notice to Noteholders*), (ii) the Note Trustee, and (iii) the Notes will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Portfolio Option Holder, the Retention Holder or the Seller (or any of their delegates) (as applicable), provided that 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 Notes on the relevant Interest Payment Date and to discharge all other amounts required under the Post-Enforcement Priority of Payments to be paid in priority to the Residual Certificates then in issue, such certification to be provided by way of a certificate signed by two directors of the Issuer on which the Note Trustee shall be entitled to rely without any enquiry or liability.
- (b) Any Note redeemed pursuant to paragraph (a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to, but excluding, the relevant Interest Payment Date.

Regulatory Change Event means a determination by the Seller, acting in a commercially reasonable manner that as a result of either:

- (i) a change, occurring at any time on or after the Closing Date, in any internationally recognised accounting rules and/or any applicable accounting classification and/or regulations, any enactment of, or supplement or amendment to, or a change in law, policy or interpretation by any relevant regulatory authority (either communicated publicly by any relevant regulatory authority or bilaterally following communications between the Seller and the UK Regulators), of any relevant regulations; or
- (ii) the outcome of the initial supervisory significant risk transfer assessment for the Transaction, the difference between,:
- (A) the amount of regulatory capital which the Seller or its prudential consolidation group would be required to hold in respect of the Mortgage Loans over the full term of the Transaction contemplated by the Transaction Documents (the **Transaction**) but for the transaction contemplated by the Transaction; and
- (B) the amount of regulatory capital which the Seller or its prudential consolidation group is required to hold in respect of the tranches comprising the

securitisation, or the Mortgage Loans, over the full term of the Transaction taking into account the Transaction,

has materially decreased compared with the capital relief reasonably anticipated by the Seller on the Closing Date.

Regulatory Change Event Option means the option of the Seller to acquire all but not some of the Portfolio, following a Regulatory Change Event.

UK Regulators means the Prudential Regulation Authority and the Financial Conduct Authority (or their successor).

8.8 Principal Amount Outstanding

The **Principal Amount Outstanding** of each Class of Notes on any date shall be, in each case, their original principal amount, in respect of the Class A Notes of £2,317,612,000.00, in respect of the Class B Notes of £137,953,000.00, in respect of the Class C Notes of £96,567,000.00, in respect of the Class D Notes of £55,181,000.00, in respect of the Class E Notes of £41,386,000.00, in respect of the Class F Notes of £41,386,000.00, in respect of the Class X Notes of £20,693,000.00, in respect of the Class Z Notes of £68,977,000.00 and in respect of the Class R Notes of £35,868,000.00, in each case less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

8.9 Notice of Redemption

Any such notice as is referred to in Condition 8.3 (*Optional Redemption 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 8.3 (*Optional Redemption for Taxation or Other Reasons*) may be relied on by the Note Trustee absolutely and without enquiry or liability and, if so relied on, shall be conclusive and binding on the Noteholders.

8.10 No Purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

8.11 Cancellation on redemption in full

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or reissued.

9. 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, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), the Issuer or, as the case may be, the Paying Agent 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 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.

10. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after ten 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 10, 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 16 (*Notice to Noteholders*).

11. EVENTS OF DEFAULT

11.1 Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall, (subject to being indemnified and/or pre-funded and/or secured to its satisfaction as more particularly described in the Trust Deed) deliver a notice (an **Enforcement Notice**) on the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Sponsor Administrator, the Issuer Account Bank, the Servicer and the Cash Manager), if any of the following events (each, an **Event of Default**) occurs:

- (a) if default is made in the payment of any interest due in respect of Class A Notes or the Class B Notes or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes and payment of interest has been deferred pursuant to Condition 17 (*Subordination by Deferral*), and the default continues for a period of fifteen days; or
- (b) if default is made in the payment of any principal due in respect of the Most Senior Class of Notes and the default continues for a period of seven days; or
- (c) if the Issuer fails to perform or observe any of its other obligations under these Conditions, the Certificate Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of

remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

- (e) 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 in writing by the Note Trustee or by Extraordinary Resolution of the Most Senior Class of Notes; or
- (f) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Most Senior Class of Notes, or (ii) 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 (iii) 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
- (g) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for an administration or the service of a notice of intention to appoint an administrator) and (except in the case of presentation of a petition for an administration order) such proceedings are not being disputed in good faith with a reasonable prospect of success, or an administration order being granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to the foregoing proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally or a composition or similar arrangement with the creditors or takes steps with a view to obtaining a moratorium in respect of its indebtedness, including without limitation, the filing of documents with the court.

11.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

12. ENFORCEMENT

12.1 General

The Note Trustee may, at any time, at its discretion and without notice, take (or direct the Security Trustee to 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, the Certificates or the Trust Deed (including these Conditions or the Certificate 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 an Enforcement 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) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Notes and/or Certificates of the Most Senior Class; and
- (b) in all cases, it shall have been indemnified and/or pre-funded and/or secured to its satisfaction.

12.2 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 or the Certificates, 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 holders of the Notes and the Certificates (and all persons ranking in priority to the holders of the Notes and the Certificates), or (b) the Security Trustee is of the opinion, 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 Security Trustee at the expense of the Issuer 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: (i) to the Noteholders and the Certificateholders (and all persons ranking in priority to the Noteholders and the Certificateholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and the Certificateholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors in the order of priority set out in the Post-Enforcement Priority of Payments. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Condition 12.2 without enquiry and shall incur no liability to any person for so doing.

12.3 Limitations on Enforcement

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless (i) the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a 60-day period and such failure shall be continuing or (ii) the Note Trustee or, as the case may be, the Security Trustee is unable to do so and such inability is continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer. Any proceeds received by a Noteholder pursuant to any such proceedings shall be paid to the Note Trustee promptly following receipt thereof for application pursuant to the applicable Priority of Payment.

12.4 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 which are the subject of any security created under and pursuant to 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,

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain due or to be paid in respect of the Notes (including, for the avoidance of doubt, payments of principal, premium (if any) or interest in respect of the Notes) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Notes and any further payment rights shall be extinguished.

12.5 Subordinated Holders Action Rights

Subject to this Condition 12 (*Enforcement*), the Issuer or, notwithstanding any other Condition, Certificate Condition or any provision of any Transaction Document, following the delivery of an Enforcement Notice, the Security Trustee (subject to the Security Trustee having been indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Deed of Charge) shall be required to enforce or exercise its rights if directed to do so by the holders of not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Note or the holders of not less than 10 per cent. of the Residual Certificates (and such authorisation or sanction will be binding on each Class of Notes and the Residual Certificateholders) in respect of:

- (a) the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (*Warranties and Repurchase by the Seller and the Legal Title Holder*) of the Mortgage Sale Agreement;
- (b) the BoS Indemnity Payment;
- (c) the Issuer's Undertakings set out in Clause 7 (*Issuer's Undertakings*) of the Mortgage Sale Agreement;
- (d) the Seller's Undertakings set out in Clause 8 (*Seller's Undertakings*) of the Mortgage Sale Agreement;
- (e) the SVR Adjustment Indemnity set out in Clause 9 (*SVR Adjustment Indemnity*) of the Mortgage Sale Agreement;
- (f) the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement; and

- (g) the Standard Variable Rate setting provisions set out in Clause 4 (*Standard Variable Rate/Tracker Rate Margins*) of the Servicing Agreement),

being the **Subordinated Holders Action Rights**.

If there is any conflict between the instructions to the Security Trustee validly given under this Condition 12.5 (*Subordinated Holders Action Rights*) and any instruction given to the Security Trustee by the Note Trustee (acting in accordance with the Trust Deed) or by any other Class of Notes then, notwithstanding anything to the contrary in the Conditions, the Certificate Conditions or any Transaction Document, the instructions validly given under this Condition 12.5 (*Subordinated Holders Action Rights*) shall prevail and be binding upon the holders of each Class of Notes and the Residual Certificates.

13. MEETINGS OF NOTEHOLDERS AND CERTIFICATEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

13.1 General

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders 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.
- (b) The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver (and no such modification or waiver may otherwise be made):
- (i) which affects a Subordinated Notes Entrenched Right, being a waiver of:
- (A) the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (Warranties and Repurchase by the Seller and the Legal Title Holder) of the Mortgage Sale Agreement;
 - (B) the BoS Indemnity Payment;
 - (C) the Issuer's Undertakings set out in Clause 7 (Issuer's Undertakings) of the Mortgage Sale Agreement;
 - (D) the Seller's Undertakings set out in Clause 8 (Seller's Undertakings) of the Mortgage Sale Agreement;
 - (E) the SVR Adjustment Indemnity set out in Clause 9 (SVR Adjustment Indemnity) of the Mortgage Sale Agreement;
 - (F) the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement;
 - (G) the Standard Variable Rate setting provisions set out in Clause 4 (Standard Variable Rate/Tracker Rate Margins) of the Servicing Agreement);
 - (H) the Servicer Termination Events;
 - (I) any changes to the definition of Subordinated Notes Entrenched Rights,

(paragraphs (A) to (I) being the **Subordinated Notes Entrenched Rights**, unless one or more persons holding or representing not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes then outstanding or in issue, has consented (and such consent will be binding on each Class of Subordinated Notes);

Subordinated Notes means the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and/or the Class F Notes.

(ii) which constitutes a Basic Terms Modification in respect of the Residual Certificates or which:

- (A) changes the Residual Certificateholders' rights under the Servicing Agreement;
- (B) changes the Residual Certificateholders' rights under the Portfolio Option Deed Poll;
- (C) changes the definition of "Residual Certificates Entrenched Rights"; or
- (D) is adverse to the Residual Certificates (and whether or not the interests of that Residual Certificateholder align with the interests of the holders of the relevant Class or Classes of Notes and/or Certificates),
- (E) waives:
 - I. the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (Warranties and Repurchase by the Seller and the Legal Title Holder) of the Mortgage Sale Agreement;
 - II. the BoS Indemnity Payment;
 - III. the Issuer's Undertakings set out in Clause 7 (Issuer's Undertakings) of the Mortgage Sale Agreement;
 - IV. the Seller's Undertakings set out in Clause 8 (Seller's Undertakings) of the Mortgage Sale Agreement;
 - V. the SVR Adjustment Indemnity set out in Clause 9 (SVR Adjustment Indemnity) of the Mortgage Sale Agreement;
 - VI. the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement;
 - VII. the Standard Variable Rate setting provisions set out in Clause 4 (Standard Variable Rate/Tracker Rate Margins) of the Servicing Agreement); or
 - VIII. the Servicer Termination Events,

(paragraphs (A) to (E) above being the **Residual Certificates Entrenched Rights**), unless (i) in relation to the matters in paragraphs (A) to (D) above each of the Residual Certificateholders has consented in writing to such modification or waiver and (ii) in relation to the matters in paragraph (E) above one or more persons holding or representing not less than 10 per cent. of the Residual Certificates then outstanding or in issue, has consented;

- (iii) which affects a Class S Certificates Entrenched Right, being a modification or waiver which changes:
 - (A) the date of payment of amounts due in respect of the Class S Certificates;
 - (B) the method of calculating the amounts payable in respect of the Class S Certificates;
 - (C) the priority of payments of amounts in respect of the Class S Certificates; or
 - (D) the definition of "Class S Certificates Entrenched Rights",

(paragraphs (A) to (D) above being the **Class S Certificates Entrenched Rights**, unless the Class S Certificateholders have consented in writing to such modification or waiver; or

- (iv) (A) authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made (x) which is adverse to the holder of the Retained Interest where a corresponding modification or waiver is not made which affects all Noteholders of the relevant Class or (y) to the definition of Retained Interest Entrenched Rights (the **Retained Interest Entrenched Rights**) (B) sanction a modification of the date of the maturity of any Class of the Notes or Certificates comprising the Retained Interest; (C) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates comprising the Retained Interest; (D) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes comprising the Retained Interest or, where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes comprising the Retained Interest, or of the method of calculating the amounts payable in respect of any Class of the Certificates comprising the Retained Interest; (E) sanction a modification of any rights or obligations arising under the Portfolio Option Deed Poll or the Retention Holder Deed Poll; (F) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates in each case comprising the Retained Interest which would adversely affect the Retention Holder; (G) alter the voting rights in respect of the holders of any Class of the Notes or Class of the Certificates comprising the Retained Interest; and (H) sanction any modification to the definition of Risk Retention Regulatory Change Event; unless the Retained Interest Holder has consented in writing to such modification or waiver.

(c) For the purposes of these Conditions, **Most Senior Class** means:

- (i) the Class A Notes or, if there are no Class A Notes then outstanding,
- (ii) the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding,
- (iii) the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding,
- (iv) the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding,
- (v) the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding,

- (vi) the Class F Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes then outstanding,
- (vii) the Class X Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class X Notes then outstanding,
- (viii) the Class Z Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class X Notes or Class Z Notes then outstanding,
- (ix) the Class R Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class X Notes, Class Z Notes or Class R Notes then outstanding,
- (x) the Residual Certificates (the Class S Certificates shall not at any time constitute the Most Senior Class).

13.2 Most Senior Class, Limitations on other Noteholders

- (a) Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the holders of each affected Class of Notes and/or Certificates (other than the Class S Certificates unless the matter is also a Class S Certificates Entrenched Right) then outstanding or in issue, as applicable (unless the Note Trustee is of the opinion that such modification is of a formal, minor or technical nature or to correct a manifest error) and other than where an Extraordinary Resolution is required under Condition 13.6 or the consent of the holders of the Subordinated Notes, the Retained Interest Holder, the Residual Certificateholders or the Class S Certificateholders is required (as described below):
 - (i) an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on such Noteholders and/or Certificateholders and all other Classes of Noteholders and Certificateholders irrespective of the effect it has upon them;
 - (ii) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on such Class of Noteholders or Certificateholders ranking junior to such Class of Noteholders or Certificateholders in the Post-Enforcement Priority of Payments, irrespective of the effect it has upon them, other than any resolution in respect of the Subordinated Notes Entrenched Rights or the Residual Certificates Entrenched Rights;
 - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class;
 - (iv) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Residual Certificateholders other than any resolution in respect of the Residual Certificates Entrenched Rights which shall only be binding on the Residual Certificateholders if the relevant Residual Certificateholders have consented to such modification or waiver pursuant to the applicable quorums;
 - (v) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Class S Certificateholders other than any

resolution in respect of Class S Certificates Entrenched Rights which shall only be binding on the Class S Certificateholders if the Class S Certificateholders have consented to such modification or waiver;

- (vi) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Retained Interest Holder other than any resolution in respect of Retained Interest Entrenched Rights which shall only be binding on the Retained Interest Holder if the Retained Interest Holder has consented to such modification or waiver;
 - (vii) notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any waiver which constitutes a Subordinated Notes Entrenched Right unless persons holding or representing not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes then outstanding or in issue have consented to such waiver and such authorisation or sanction will be binding on each Class of Subordinated Notes; and
 - (viii) notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which is a Basic Terms Modification or which otherwise affects a Residual Certificates Entrenched Right unless the Residual Certificateholders have consented to such modification or waiver subject to the applicable quorums (in writing).
- (b) No Extraordinary Resolution of the holders of a Class of Notes and/or a Class of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Class of Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Certificates then in issue which are affected by such Basic Terms Modification (other than the Class S Certificateholders unless the matter is also a Class S Certificates Entrenched Right), or the Note Trustee is of the opinion that such modification is of a formal, minor or technical nature or to correct a manifest error.
 - (c) No Ordinary Resolution that is passed by the holders of the Notes shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.
 - (d) An Ordinary Resolution passed by the holders of the Notes shall be binding on the Residual Certificateholders other than any resolution in respect of Residual Certificates Entrenched Rights which shall only be binding on the Residual Certificateholders if the relevant Residual Certificateholders have consented to such modification or waiver.
 - (e) An Ordinary Resolution passed by the holders of the Notes shall be binding on the Class S Certificateholders other than any resolution in respect of Class S Certificates Entrenched Rights which shall only be binding on the Class S Certificateholders if the Class S Certificateholders have consented to such modification or waiver.
 - (f) An Ordinary Resolution passed by the holders of the Notes shall be binding on the Retained Interest Holder other than any resolution in respect of Retained Interest Entrenched Rights

which shall only be binding on the Retained Interest Holder if the Retained Interest Holder has consented to such modification or waiver.

- (g) Any Subordinated Notes Entrenched Rights authorised or sanctioned by the holders of not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes will be binding on each Class of Subordinated Notes.
- (h) Notwithstanding any other terms of the Conditions, the Certificate Conditions, the Trust Deed and the Transaction Documents, in respect of (i) a Subordinated Holders Action Right and (ii) any direction to the Security Trustee in connection with items (a) or (b) of the definition of Servicer Termination Event, the Security Trustee (subject to it having been indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Deed of Charge) shall act as directed by the holders of not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Note or the holders of not less than 10 per cent. of the Residual Certificates and such action will be binding on each Class of Notes and the Residual Certificates and the Note Trustee.

13.3 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes or Certificateholders of any Class or Classes of Certificates for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.
- (b) Subject as provided below, the quorum at any meeting of Noteholders and/or Certificateholders of any Class of any Notes or Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes and/or Certificates then outstanding or in issue, as applicable.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the Conditions and the Certificate Conditions, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of the Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes or, where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes, or of the method of calculating the amounts payable in respect of any Class of the Certificates, (iv) alter the currency in which payments under any Class of the Notes or Class of the Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of the Notes or Class of the Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of the Notes or Class of the Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates and (viii) change the definition of a Basic Terms Modification **provided that** any amendment made in accordance with Condition 13.6 shall not constitute a Basic Terms Modification, (each a **Basic Terms Modification**), shall be one or more persons holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class or Classes of Notes and/or Class or Classes of Certificates then outstanding or in issue, as applicable or, where the detailed provisions set out in the Trust Deed, the Conditions or the Certificate Conditions provide that if one Class of Subordinated Notes consents to a modification such consent will be binding on each Class of Subordinated Notes, one or more

persons holding or representing in the aggregate not less than 10 per cent. of the aggregate Principal Amount Outstanding of that one Class. For the avoidance of doubt, a proposal to sanction a reduction in the principal amounts due on a Class of Notes and/or any Class S Certificate Payments and/or the Residual Certificate Payment shall require the sanction of the holders of the relevant Class of Notes or Class of Certificates to be so reduced, and shall not require the consent of other Classes of Notes or Class of Certificates.

- (d) The quorum at any adjourned meeting will be:
- (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than ten per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Class or Classes of Certificates then outstanding or in issue, as applicable; and
 - (ii) subject as provided below, for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Class or Classes of Certificates then outstanding or in issue, as applicable; and
 - (iii) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class or Classes of Notes and/or Class or Classes of Certificates then outstanding or in issue, as applicable.

13.4 The Note Trustee may or, in the case of paragraphs (c) and (d) below shall, at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree (and direct the Security Trustee to agree) with the Issuer and any other parties in making or sanctioning any modification:

- (a) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document (other than in respect of a Basic Terms Modification, a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right), which in the opinion of the Note Trustee will not be materially prejudicial to the interests of the Noteholders of any Class or the interests of the Certificateholders of any Class, or the Note Trustee or the Security Trustee; or
- (b) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document which, in the opinion of the Note Trustee, is to correct a manifest error or is of a formal, minor or technical nature
- (c) that (other than in respect of a Basic Terms Modification, a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) would result in the Issuer entering into any new and/or amended bank account agreement or collection account agreement (including where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Documents) in order to maintain the ratings of the Notes at their then current ratings; or

- (d) that (other than in respect of a Basic Terms Modification, a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) is required to effect the appointment of a Successor Servicer (including, but not limited to, the Issuer entering into any new and/or amended servicing agreement) provided that the conditions to the appointment of that Successor Servicer set out in the Servicing Agreement are satisfied, and

provided that in the case of amendments pursuant to paragraphs (c) and/or (d) above that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment (including, for the avoidance of doubt, any new appointment made thereunder) which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (i) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and/or the Certificate Conditions.

- 13.5** Other than in respect of a Basic Terms Modification, a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right, the Note Trustee may, and may direct the Security Trustee to, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach or Event of Default, from time to time and at any time, but only if and insofar as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders of any Class or the Certificateholders of any Class will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificate Conditions or any of the Transaction Documents by any party thereto or determine that any Event of Default shall not be treated as such, provided that the Note Trustee shall not exercise any powers conferred on it by this Condition 13.5 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Condition 11 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.
- 13.6** The Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) shall, without the consent or sanction of the Noteholders, the Certificateholders or any of the other Secured Creditors, concur (and direct the Security Trustee to concur) with the Issuer in making any modifications (for the avoidance of doubt other than in respect of a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) to the Transaction Documents and/or the Conditions of the Notes that are requested in writing by the Issuer (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer (or, where applicable, any other transaction parties) to:
- (a) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (b) (I) comply with, implement or reflect any changes in the requirements (including, but not limited to, risk retention, transparency and/or investor due diligence) of, or to enable the Issuer or any other transaction party to comply with an obligation under, the UK Securitisation Regulation or the EU Securitisation Regulation (as in force,

interpreted and applied as at the Closing Date only), together with any relevant laws, regulations, technical standards, rules, other implementing legislation, official guidance or policy statements, in each case as amended, varied or substituted from time to time after the Closing Date; or (II) comply with any changes in the requirements of the U.S. Credit Risk Retention Requirements, including as a result of any other U.S. risk retention legislation, regulations or official guidance in relation thereto, in each case applying in respect of the Transaction;

- (c) enable the Notes to be (or to remain) listed on the London Stock Exchange;
- (d) enable the Issuer or any of the other transaction parties to comply with FATCA;
- (e) comply 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;
- (f) comply with the provisions of Rule 17g-5 of the Exchange Act; and
- (g) to change the reference rate or the base rate that then applies in respect 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 Seller on its behalf) to facilitate such change (a **Base Rate Modification**), provided that the Issuer (or the Seller on its behalf) provides a certificate to the Note Trustee and the Security Trustee certifying (such certificate, a **Base Rate Modification Certificate**) that:
 - (i) such Base Rate Modification is being undertaken due to:
 - I. an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
 - II. a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - III. the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
 - IV. 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);
 - V. 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;
 - VI. a 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; or

- VII. the reasonable expectation of the Issuer that any of the events specified in paragraphs (I) to (VI) 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:
- I. a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of 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);
 - II. 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; or
 - III. such other base rate as the Issuer reasonably determines (to preserve, so far as reasonably and commercially practicable, what would have been the expected Floating Rate of Interest applicable to the Class A Notes) or which is proposed by any holder of the Most Senior Class of Notes then outstanding or the Residual Certificates then in issue) and (i) the Issuer has obtained written confirmation from each of the Rating Agencies that the proposed Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the rating of any Class of Rated Notes or (y) any Class of Rated Notes being placed on rating watch negative (or equivalent), (a **Negative Ratings Action**); or (ii) it has been unable to obtain written confirmation from each of the Rating Agencies that the proposed Base Rate Modification would not result in a Negative Ratings Action but it has received oral confirmation from an appropriately authorised person at such Rating Agency; or (iii) it has given the Rating Agencies at least 30 days' prior written notice of the proposed modification and none of the Rating Agencies has indicated that such Base Rate Modification would result in a Negative Ratings Action.

The Note Trustee and the Security Trustee shall be entitled to rely on a Base Rate Modification Certificate absolutely without liability and enquiry.

For the avoidance of doubt, the Issuer (or the Seller on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this paragraph (g) are satisfied,

(each of paragraphs (a) - (g) above, a **Proposed Amendment**) and subject to:

- (h) receipt by the Note Trustee and the Security Trustee of a certificate (upon which they may rely absolutely without liability or enquiry) issued by the Issuer signed by two directors of the Issuer (or the Seller on its behalf, signed by two directors of the Seller) (in the case of paragraph (g) above, such certificate to be in the form of a Base Rate Modification Certificate) certifying to the Note Trustee and the Security Trustee that the requested modifications in relation to any Proposed Amendment are to be made solely for the purpose of enabling the Issuer to satisfy such obligations under any Proposed Amendment and have been drafted solely to such effect, and in the case of a Proposed Amendment under paragraph (a) above shall include a memorandum addressed to the Note Trustee and the Security Trustee for the benefit of Noteholders,

by a reputable law firm confirming that the Proposed Amendment seeks to address the non-compliance set out in paragraph (a) above and each of the Note Trustee and the Security Trustee shall be entitled to rely on such certificate and memorandum without enquiry or liability; and

- (i) the Issuer (or the Seller on its behalf) certifying in writing to the Note Trustee and the Security Trustee (upon which certificate the Note Trustee and the Security Trustee may rely absolutely and without liability or enquiry) that:
 - (i) the Issuer has provided at least 30 calendar days' notice to the Noteholders and Certificateholders of each Class of the Proposed Amendment in accordance with Condition 16 (*Notice to Noteholders*) and Certificate Condition 15 (*Notice to Certificateholders*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes and Certificates; and
 - (ii) Noteholders or Certificateholders representing at least ten per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Residual Certificates then in issue 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 or the Residual Certificates may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the Proposed Amendment.

If Noteholders or Certificateholders representing at least ten per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Residual Certificates then in issue have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes or Residual Certificates may be held within the notification period referred to above that they object to the Proposed Amendment, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding and/or of the Residual Certificates then in issue, as applicable, is passed in favour of such modification in accordance with the Trust Deed.

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 or Certificateholder's holding of the Residual Certificates.

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this Condition 13.6 which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of:

- (A) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or
- (B) increasing the obligations or duties, or decreasing the protections of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or the Conditions.

Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any Proposed Amendment pursuant to this Condition 13.6, the Note Trustee shall not consider the interests of the Noteholders, the Certificateholders or any other Secured Creditor (other than itself (and the Security Trustee) as provided above) or any other person and each of the Note Trustee and the Security Trustee and shall be entitled to rely, without investigation, on any certificate or legal memorandum provided to it by the Issuer

pursuant to this Condition 13.6 as evidence that the Proposed Amendments are made solely for the purpose of enabling the Issuer to satisfy any such obligation applicable to it, and have been drafted solely to such effect and shall not be liable to any Noteholder, Certificateholder or other Secured Creditor for so acting or relying irrespective of whether any such modification is or may be materially prejudicial to the interests of the Noteholders of any Class, the Certificateholders of any Class or any other Secured Creditor or any other person.

Only modifications which comply with this Condition 13.6 may be made pursuant to this Condition 13.6. Any other modifications may only be made pursuant to Condition 13.4 or Condition 13.9 and Clause 25 (Modification) and Schedule 7 (Transfer Certificate) of the Trust Deed.

- 13.7** Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with these Conditions, Certificate Conditions or Transaction Documents shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders*).
- 13.8** Any modification to the Transaction Documents and the Conditions shall be notified by the Issuer in writing to the Rating Agencies.
- 13.9** In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 13.19 (*Issuer Substitution Condition*), the Note Trustee may agree, without the consent of the Noteholders, the Certificateholders 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 of any Class or the Certificateholders of any Class.
- 13.10** In determining whether a proposed action will not be materially prejudicial to the interests of the Noteholders of any Class or Certificateholders of any Class thereof, the Note Trustee may, 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 ratings of the Rated Notes. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Rated Notes would not be adversely affected, 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, the Certificateholders or any other person, or create any legal relations between each of the Rating Agencies and the Note Trustee, the Noteholders, the Certificateholders or any other person, whether by way of contract or otherwise.
- 13.11** Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee (acting on the instructions of the Note Trustee) is required to have regard to the interests of the Noteholders of any Class or Certificateholders of any Class or Classes, it shall (a) have regard (except as expressly provided otherwise and at all times subject to the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) to the general interests of the Noteholders or Certificateholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Certificateholders (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 or Certificateholders (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 or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder or Certificateholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Certificateholders and (b) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes and Class of Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Class of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes or Certificates ranking in priority to the other relevant Classes of Notes or Certificates in the Post-Enforcement Priority of Payments (other than the Class S Certificates, in respect of which the Note Trustee or, as the case may be, the Security Trustee will have regard only as to the Class S Certificates Entrenched Rights).

13.12 Ordinary Resolution means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and these Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant Class of Notes and/or Class of Certificates held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of a clear majority of the aggregate Principal Amount Outstanding of the Notes and/or Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes or Class of Certificates.

13.13 Extraordinary Resolution means, in respect of the holders of any of the Classes of Notes and/or Certificates:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and these Conditions by at least 75 per cent. of Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant Class of Notes and/or Class of Certificates held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of at least 75 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one

or more of the relevant class of Noteholders and/or Certificateholders of the relevant Class; or

- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding at least 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes and/or the Certificates.

13.14 Eligible Person means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

13.15 Voting Certificate means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Certificates (not being the Notes and/or Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.

13.16 Block Voting Instruction means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;

- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the instructions referred to in paragraph (c) above as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
 - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the meeting when it is resumed.

13.17 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Principal Paying Agent on behalf of the Issuer.

13.18 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provisions concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificate Conditions, the Deed of Charge and the Trust Deed any reference to the Principal Amount Outstanding of the Class S1 Certificates, the Class S2 Certificates and the Residual Certificates shall be deemed to be £10,000,000 in respect of each Class of Certificate.

13.19 Issuer Substitution Condition

The Note Trustee may agree, 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, the Notes and the Certificates 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 5 (*Covenants and Undertakings*). In the case of a substitution pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes, the Certificates 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 of any Class and the Certificateholders of any Class.

14. 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 pre-funded and/or secured 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 their rights, comply with their obligations and perform their 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.

15. REPLACEMENT OF NOTES

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed 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 may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

16. NOTICE TO NOTEHOLDERS

16.1 Publication of Notice

- (a) Subject to paragraph (d) below, any notice to Noteholders shall be validly given if published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a **Relevant Screen**), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.
- (b) In respect of Notes in definitive form, notices to Noteholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.
- (c) While the Notes are represented by Global Note, notices to Noteholders will be valid if published as described above or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered

to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day such notice is sent to Euroclear and/or Clearstream, Luxembourg.

- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, the London Stock Exchange in 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 London Stock Exchange) and any such notice will be deemed to have been given on the date sent to London Stock Exchange.

16.2 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 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.

17. SUBORDINATION BY DEFERRAL

17.1 Interest

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 17, include any interest previously deferred under this Condition 17.1 and accrued interest thereon) payable in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and/or the Class X Notes 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 (such interest, the **Deferred Interest**) to the extent only of any insufficiency of funds. The Issuer shall not be entitled to defer amounts of interest payable in respect of the Class A Notes or the Class B Notes.

17.2 General

Any amounts of Deferred Interest in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes shall accrue interest at the relevant Rate of Interest (**Additional Interest**). 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 17.1 (*Interest*) applies) or on such earlier date as the relevant Class C Notes, Class D Notes, Class E Notes, Class F Notes and/or Class X Notes become due and repayable in full in accordance with these Conditions.

17.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 17, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 16 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 17 will not constitute an Event of Default. The provisions of this Condition 17 shall cease to apply on the Final Redemption Date, or any earlier date on which the Notes are redeemed in full or are required to be redeemed in full, at which time all deferred interest and accrued interest thereon shall become due and payable.

18. NON-RESPONSIVE RATING AGENCY

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Rated 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 Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a **Rating Agency Confirmation**).
- (b) If a Rating Agency 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 Rating Agency 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, as applicable) and:
- (i) (A) one or more Rating Agencies (each such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response; or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and
- (ii) the Issuer has otherwise received no indication from that Rating Agency that its then current ratings of the Rated Notes would be reduced, qualified, withdrawn or put on negative watch as a result of such action, step or matter,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from a Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that: (A) a written request for such Rating Agency Confirmation has been delivered to each Rating Agency by or on behalf of the Issuer; and (B) each of the events in paragraphs (i)(A) or (i)(B) and paragraph (ii) above has occurred and the Note Trustee and the Security Trustee shall be entitled to rely absolutely on such certificate without enquiry or liability.

19. JURISDICTION AND GOVERNING LAW

- (a) The Courts of England (the **Courts**) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes, the Certificates 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, save for any matters which are particular to the laws of Northern Ireland which shall be governed by the laws of Northern Ireland and save for certain documents supplemental to the Mortgage Sale Agreement and Deed of Charge that relate to the Scottish Loans which shall be governed by Scots 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.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The Class S1 Certificates (the **Class S1 Certificates**), the Class S2 Certificates (the **Class S2 Certificates**), and together with the Class S1 Certificates, the **Class S Certificates**) and the Residual Certificates (the **Residual Certificates** and together with the Class S Certificates, the **Certificates**) of Bridgegate Funding PLC (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) entered into on 19 January 2023 (the **Closing Date**) and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee (in such capacity, the **Note Trustee**) for the registered holders for the time being of the Certificates (the **Certificateholders**). Any reference in these certificates terms and conditions (the **Certificate Conditions**) to a **Class** of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes or the Class R Notes as the case may be, or to the respective holders thereof. Any reference in these Certificate Conditions to a **Class** of the Class S Certificates or the Residual Certificates or the Class S Certificateholders or the Residual Certificateholders shall be a reference to the Class S Certificates or to the holders thereof or the Residual Certificates or the holders thereof. Any reference to the **Rated Notes** shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Notes. Any reference to **Notes** shall be a reference to the Rated Notes, Class Z Notes and the Class R Notes. The security for the Certificates is constituted by or pursuant to a deed of charge and assignment (the **Deed of Charge**) entered into on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) entered into on the Closing Date in connection with the issuance of the Notes and made between, among others, the Issuer, the Note Trustee, Elavon Financial Services DAC, UK Branch 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 Agent**), Elavon Financial Services DAC, UK Branch as registrar (in such capacity, the **Registrar**) and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, inter alia, the payment of amounts in respect of the Certificates.

The statements in these Certificate Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the **Master Definitions and Construction Schedule**) entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date in connection with the issuance of the Notes and the other Transaction Documents (as defined therein).

Physical 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 during normal business hours at the specified office for the time being of the Paying Agent, or the Paying Agent may provide access to such documents by email to the requesting Certificateholders upon reasonable request by providing access to the Principal Paying Agent's online portal. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Certificate Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Certificate Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Certificate will initially be represented by a global certificate in registered form (a **Global Certificate**).

For so long as any of the Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in such Global Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), as appropriate. The Global Certificate will be deposited with and registered in the name of a nominee of a common depository (or a nominee thereof) for Euroclear and Clearstream, Luxembourg.

A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Certificate in definitive registered form, the **Definitive Certificates**) 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 or to cease to make their book-entry systems available for settlement of beneficial interests in the Global Certificate and do in fact do either of those things,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 become 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 the Certificates which would not be required were the relevant Certificates in definitive registered form.

If Definitive Certificates are issued in respect of Certificates originally represented by a Global Certificate, the beneficial interests represented by such Global Certificate shall be exchanged by the Issuer for the relevant Certificates in registered definitive form.

Definitive Certificates will be serially numbered and will be issued in registered form only.

References to **Certificates** in these Certificate Conditions shall include the Global Certificate and the Definitive Certificates.

The Residual Certificates are divisible by 10,000,000 and can be transferred in integrals of 1.

The Class S1 Certificates are divisible by 10,000,000 and can be transferred in integrals of 1.

The Class S2 Certificates are divisible by 10,000,000 and can be transferred in integrals of 1.

3.2 Title

Title to the Global Certificate shall pass by and upon registration in the register (the **Register**) which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Certificate may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Certificate regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to Definitive Certificates shall only pass by and upon registration of the transfer in the Register.

Definitive Certificates may be transferred upon the surrender of the relevant Definitive Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Certificates are subject to any restrictions on transfer set out on the Definitive Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Certificate to be issued upon transfer of such Definitive Certificate will, within five Business Days of receipt and surrender of such Definitive Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND SECURITY

4.1 Status of the Certificates

- (a) The Certificates constitute direct, secured and (subject to the limited recourse provision in Certificate Condition 11.4 (*Limited Recourse*)) unconditional obligations of the Issuer.
- (b) The Class S1 Certificate Payments and the Class S2 Certificate Payments rank pro rata and *pari passu* with the payment of interest on the Class A Notes as provided in these Certificate Conditions and the Transaction Documents.
- (c) The Residual Certificate Payment ranks pro rata and *pari passu* without preference or priority among themselves in relation to payment of the Residual Certificate Payments at all times, but subordinate to items (a) to (aa) of the Pre-Enforcement Revenue Priority of Payments and subordinate to items (a) to (r) of the Post-Enforcement Priority of Payments, as provided in these Certificate Conditions and the Transaction Documents.
- (d) The Trust Deed contains provisions requiring the Note Trustee, to have regard to the interests of the holders of each Class of Notes and each Class of Certificates 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 where there is a conflict of interests between one or more Classes of Notes and/or Classes of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes and/or Certificates in the Post-Enforcement Priority of Payments (other than in respect of the Class S Certificates, in respect of which the Note Trustee will have regard only to the Class S Certificates Entrenched Rights).
- (e) The Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class of Certificateholders to pass an effective Extraordinary Resolution (and at all times to have regard to and subject always to the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) according to the effect thereof on the interests of the holders of the Class or Classes of Notes and/or Certificates ranking in priority thereto. Except in certain circumstances described in Certificate Condition 12 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*), the Trust Deed and the Deed of Charge contain no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification, the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) on the holders of all other Classes of Notes and all other Classes of Certificates, in each case irrespective of the effect thereof on their respective interests.
- (f) Subject to the Retained Interest Entrenched Right the Retained Interest Holder will not be entitled to convene, count in the quorum or pass resolutions (including Extraordinary Resolutions and Ordinary Resolutions) in respect of any Notes or Certificates comprising the Retained Interest. Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the Retained Interest Holder (other than any resolutions in respect of a Retained Interest Entrenched Right unless the Retained Interest Holder has consented) if passed in accordance with the Conditions.
- (g) The Class S Certificateholders shall only be entitled to convene meetings of the Class S Certificateholders and/or pass resolutions in respect of the Class S Certificates in relation to matters affecting a Class S Certificates Entrenched Right. Any Ordinary Resolution or

Extraordinary Resolution passed by any Class of Noteholders will be binding on the Class S Certificateholders (other than in respect of a Class S Certificate Entrenched Right unless the Class S Certificateholders have consented) if passed in accordance with the Conditions.

- (h) Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the Residual Certificateholders (save in respect of a Basic Terms Modification and any resolution which affects a Residual Certificate Entrenched Right) if passed in accordance with the Conditions.

As long as any Notes or Certificates are outstanding but subject to Certificate Condition 11.4 (*Limited Recourse*), the Note Trustee and the Security Trustee shall not have regard to the interests of the other Secured Creditors.

4.2 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, Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders, the Certificateholders 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.

5. COVENANTS AND UNDERTAKINGS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of these Certificate Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Certificate 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 undertakings;
- (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) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the TSC Regulations;
- (d) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, declare any trust over or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (e) **Equitable and beneficial 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;
- (f) **Dividends or distributions by the Issuer:** 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 applicable 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;

- (g) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (h) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (i) **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, modified, terminated, postponed or waived 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;
- (j) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (k) **Purchase Notes or Certificates:** purchase or otherwise acquire any Notes or Certificates;
- (l) **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; or
- (m) **VAT:** apply to become part of any group with any other company or group of companies 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), 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.

6. CERTIFICATE PAYMENTS

6.1 Right to Certificate Payments

Each Certificate represents a pro rata entitlement of the Certificateholder to receive the relevant Certificate Payments by way of deferred consideration for the purchase by the Issuer of the Portfolio on the Closing Date.

A Certificate Payment shall be payable in respect of the Certificates on each Interest Payment Date.

Affiliate means, in relation to any person (i) a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; or (ii) any other person that controls, is controlled by, or is under common control with such person.

Certificate Payment means the Class S Certificate Payments and the Residual Certificate Payment as applicable.

Certificate Payment Amount means, for a Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the Certificate Payment for that date, divided by the number of Certificates of that Class then in issue.

Class S Certificate Payments means the Class S1 Certificate Payment and/or the Class S2 Certificate Payment (as applicable).

Class S1 Certificate Payment means on any date of determination:

- (i) prior to the date of the redemption of the Notes in full occurring prior to the First Optional Redemption Date and delivery of an Enforcement Notice and in respect of each Interest Payment Date, an amount equal to:

$$\frac{A \times B \times C}{D}$$

where,

A = 0.08 per cent.

B = the aggregate Current Balance of the Loans calculated as at the first date of the relevant Determination Period, which, for the avoidance of doubt, on the first Interest Payment Date will be the Current Balance of the Loans as at the Closing Date

C = the number of days in the relevant Interest Period

D = 365

with the total figure rounded downwards to the nearest £0.01;

- (ii) following the First Optional Redemption Date but prior to delivery of an Enforcement Notice and in respect of each Interest Payment Date, zero; and
- (iii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, any Class S1 Certificate Payments calculated in accordance with paragraph (i) above which has accrued but is unpaid on the date of the Enforcement Notice.

Class S1 Certificate Payment Early Repayment Amount means, on any date of determination:

- (i) from the date of the redemption of the Notes in full occurring prior to the First Optional Redemption Date and prior to delivery of an Enforcement Notice and in respect of each Interest Payment Date, an amount equal to:

$$\frac{A \times B \times C}{D}$$

where,

A = 0.08 per cent.

B = the aggregate Current Balance of the Loans calculated as at redemption date

C = the number of days from (and including) the date of the redemption of the Notes in full until the First Optional Redemption Date

D = 365

with the total figure rounded downwards to the nearest £0.01;

- (ii) following the First Optional Redemption Date but prior to delivery of an Enforcement Notice and in respect of each Interest Payment Date, zero; and
- (iii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, any Class S1 Certificate Payment Early Repayment Amount calculated in accordance with paragraph (i) above which has accrued but is unpaid on the date of the Enforcement Notice.

Class S2 Certificate Payment means, on any date of determination:

- (i) prior to the First Optional Redemption Date and delivery of an Enforcement Notice and in respect of each Interest Payment Date, zero;
- (ii) following the First Optional Redemption Date but prior to delivery of an Enforcement Notice and in respect of each Interest Payment Date, an amount equal to:

$$\frac{A \times B \times C}{D}$$

where,

A = 0.1 per cent.

B = the aggregate Current Balance of the Loans calculated as at the first date of the relevant Determination Period (which, for the avoidance of doubt, on the first Interest Payment Date will be the Current Balance of the Loans as at the Closing Date

C = the number of days in the relevant Interest Period

D = 365

with the total figure rounded downwards to the nearest £0.01; and

- (iii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, any Class S2 Certificate Payments calculated in accordance with paragraph (ii) above which has accrued but is unpaid on the date of the Enforcement Notice.

Residual Certificate Payment means, on any date of determination:

- (i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date from (and including) the Interest Payment Date falling in April 2023, the amount by which Available Revenue Receipts exceed the amounts required to satisfy items (a) to (aa) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and

- (ii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceed the amounts required to satisfy items (a) to (r) of the Post-Enforcement Priority of Payments on that date.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

in issue means, in relation to the Certificates, all the Certificates issued from time to time other than:

- (i) those Certificates which have been cancelled in accordance with Certificate Condition 11.4 (*Limited Recourse*);
- (ii) those Certificates which have become void or in respect of which claims have become prescribed, in each case under Certificate Condition 9 (*Prescription*);
- (iii) those mutilated or defaced Certificates which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Certificate Condition 14 (*Replacement of Certificates*);
- (iv) any Global Certificate to the extent that it shall have been exchanged for another Global Certificate or for the Certificates in definitive form pursuant to the Certificate Conditions,

provided that:

- (v) for purposes of passing resolutions in respect of Notes or Certificates comprising the Retained Interest, except any matter that affects a Retained Interest Entrenched Right, those Notes or Certificates held by or on behalf or for the benefit of the Retained Interest Holder shall be deemed not to remain outstanding, provided that where all of the Notes of any Class or all of the Certificates of any Class are held by or on behalf of or for the benefit of one or more Retained Interest Holder, the Notes of Certificates of that Class shall be deemed to remain outstanding or in issue (as the case may be); and
- (vi) for each of the following purposes; namely:
 - (A) the right to attend and vote at any meeting of the Certificateholders, the passing of an Extraordinary Resolution in writing or an Ordinary Resolution in writing or an electronic consent through the relevant Clearing System(s) as envisaged by paragraph 1 (*Definitions*) of Schedule 6 (*Provisions for Meetings of Noteholders and Certificateholders*) to the Trust Deed and any direction or request by the Certificateholders;
 - (B) the determination of how many and which Certificates are for the time being outstanding for the purposes of Clause 14.1 (*Actions, Proceedings and Indemnification*) and Schedule 5 (*Form of the Global Certificate*) to the Trust Deed, Certificate Condition 10 (*Events of Default*) and Certificate Condition 11 (*Enforcement*);
 - (C) any discretion, power or authority (whether contained in the trust presents, or vested by operation of law) which the Security Trustee and the Note Trustee is

required, expressly or impliedly, to exercise in or by reference to the interests of the Certificateholders; and

- (D) the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Certificateholders or any Class or Classes thereof,

those Certificates (if any) (i) held by or on behalf or for the benefit of the Seller or any Affiliate thereof (other than the Retention Holder, Lloyds Bank plc and Bank of Scotland plc) (each such entity above a **Relevant Person**) and (ii) any other Notes or Certificates for the time being held by or on behalf or for the benefit of a Relevant Person (unless such Relevant Person is separated by information barriers from the Joint Arrangers or Joint Lead Manager teams), shall, in each case, (unless and until ceasing to be so held) be deemed not to remain in issue, provided that where all of the Notes of any Class or all of the Certificates or any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case, such Classes of Notes or Certificates (the **Relevant Class of Notes** or the **Relevant Class of Certificates**, as applicable) shall be deemed to remain outstanding or in issue (as the case may be).

Interest Payment Date means 17 April 2023 and thereafter the 16th day of January, April, July and October in each year or, if such day is not a Business Day, the immediately following Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

Subsidiary means any person (referred to as the **first person**) in respect of which another person (referred to as the **second person**):

- (i) holds a majority of the voting rights in that first person or has the right under the constitution of the first person to direct the overall policy of the first person or alter the terms of its constitution; or
- (ii) is a member of that first person and has the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
- (iii) has the right to exercise (directly or indirectly) a dominant influence (which must include the right to give directions with respect to operating and financial policies of the first person which its directors are obliged to comply with whether or not for its benefit) over the first person by virtue of provisions contained in the articles (or equivalent) of the first person or by virtue of a control contract which is in writing and is authorised by the articles (or equivalent) of the first person and is permitted by the law under which such first person is established; or
- (iv) is a member of that first person and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the first person or the rights under its constitution to direct the overall policy of the first person or alter the terms of its constitution; or
- (v) has the power to exercise, or actually exercises (in either case, directly or indirectly) dominant influence or control over the first person; or
- (vi) together with the first person are managed on a unified basis,

and for the purposes of this definition, a person shall be treated as a member of another person if any of that person's Subsidiaries is a member of that other person or, if any shares in that

other person are held by a person acting on behalf of it or any of its Subsidiaries. A subsidiary undertaking shall include any subsidiary undertaking the shares of which (if any) are subject to a security interest and where the legal title to the shares so secured are registered in the name of the secured party or its nominee pursuant to such security.

6.2 Determination of Certificate Payment

The Cash Manager shall on each Calculation Date determine the Certificate Payments payable on the immediately following Interest Payment Date (if any) and the Certificate Payment Amounts payable in respect of each Class of Certificates on such Interest Payment Date.

6.3 Publication of Certificate Payment and Certificate Payment Amount

The Cash Manager shall cause the Certificate Payments and Certificate Payment Amounts (if any) for each Class of Certificates for each Interest Payment Date to be notified to the Issuer, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Certificate Condition 15 (*Notice to Certificateholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

6.4 Notifications 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 Certificate Condition 6.4 by the Cash Manager will (in the absence of manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Registrar, the Paying Agents and all Certificateholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Certificateholders shall attach to the Cash Manager in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Certificate Condition 6.4.

6.5 Termination of Certificate Payments

When all Class S Certificate Payments and Residual Certificate Payments (if any) (as set out in Certificate Condition 6.2 (*Determination of Certificate Payment*)) and including any Deferred Class S Certificate Payments that may be due in respect of the Class S Certificates as a result of payment deferral in accordance with Certificate Condition 18 (*Subordination by Deferral*)) have been made, no further Certificate Payments will be made by the Issuer and the Certificates shall be cancelled.

6.6 Determination and Reconciliation

Condition 6.8 (*Determinations and Reconciliation*) of the Notes shall have effect in relation to the Residual Certificates as if set out in full herein.

7. PAYMENTS

7.1 Payment of Certificate Payment Amounts

Subject to Certificate Condition 3.1 (*Form and Denomination*), payments of Certificate Payment Amounts shall be made upon application by the relevant Certificateholder to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part

payment only, endorsement) of the relevant Global Certificate or Definitive Certificate (as the case may be) at the specified office of any Paying Agent.

7.2 Laws and Regulations

Payments of any Certificate Payment Amounts are subject, in all cases, to (a) any fiscal or other laws and regulations applicable thereto and (b) 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 Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto (**FATCA**). Certificateholders will not be charged commissions or expenses on payments.

7.3 Change of Paying Agents

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 Paying Agents or the Registrar and to appoint additional or other agents, provided that the appointment of the Principal Paying Agent or the Registrar shall not be terminated without a successor with a specified office in London having been appointed by the Issuer or (where the Issuer fails to appoint a successor within the period provided for in the Agency Agreement) by the Principal Paying Agent or Registrar (as applicable), in each case in accordance with the terms of the Agency Agreement.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Certificateholders in accordance with Certificate Condition 15 (*Notice to Certificateholders*) and will notify the Rating Agencies of such change or addition.

7.4 No Payment on non-Business Day

If the date for payment of any amount in respect of a Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to interest or other payment in respect of such delay. In this Certificate Condition 7.4, 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.

8. TAXATION

All payments by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imports, duties, fees, deductions, withholding or charges of any nature whatsoever and wheresoever imposed (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the Paying Agent 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 nor any Paying Agent nor any other person shall be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction.

9. PRESCRIPTION

Claims in respect of Certificate Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Certificate 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 Certificateholders in accordance with Certificate Condition 15 (*Notice to Certificateholders*).

10. EVENTS OF DEFAULT

10.1 Certificates

The Note Trustee at its absolute discretion may, and, if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall (subject to being indemnified and/or pre-funded and/or secured to its satisfaction as more particularly described in the Trust Deed), serve a notice (an **Enforcement Notice**) on the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Sponsor Administrator, the Issuer Account Bank, the Servicer and the Cash Manager) if any of the following events (each, an **Event of Default**) occurs:

- (a) if default is made in the payment of any interest due in respect of Class A Notes or the Class B Notes or, following the redemption of the Class A Notes and the Class B Notes, the Most Senior Class of Notes other than any interest which arose prior to the relevant Class of Notes (other than Class A Notes and the Class B Notes) becoming the Most Senior Class of Notes and payment of interest has been deferred pursuant to Condition 17 (*Subordination by Deferral*), and the default continues for a period of fifteen days; or
- (b) if default is made in the payment of any principal due in respect of the Most Senior Class of Notes and the default continues for a period of seven days; or
- (c) if the Issuer fails to perform or observe any of its other obligations under these Conditions, the Certificate Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (e) 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 in writing by the Note Trustee or by Extraordinary Resolution of the Most Senior Class of Notes; or

- (f) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Most Senior Class of Notes, or (ii) 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 (iii) 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
- (g) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for an administration or the service of a notice of intention to appoint an administrator) and (except in the case of presentation of a petition for an administration order) such proceedings are not being disputed in good faith with a reasonable prospect of success, or an administration order being granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to the foregoing proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally or a composition or similar arrangement with the creditors or takes steps with a view to obtaining a moratorium in respect of its indebtedness, including without limitation, the filing of documents with the court.

10.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Certificate Condition 10.1 (*Certificates*), the Payment for the relevant Class of Certificates pursuant to the Certificates shall thereby immediately become due and payable.

11. ENFORCEMENT

11.1 General

The Note Trustee may, at any time, at its discretion and without notice, take (or direct the Security Trustee to 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, the Certificates or the Trust Deed (including the Conditions of the Notes or the Certificate 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 an Enforcement 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) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Notes and/or the Certificates of the Most Senior Class; and
- (b) in all cases, it shall have been indemnified and/or pre-funded and/or secured 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 or the Certificates, 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 holders of the Notes and the Certificates (and all persons ranking in priority to the holders of the Notes and the Certificates), or (b) the Security Trustee is of the opinion, 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 Security Trustee at the expense of the Issuer 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: (i) to the Noteholders and Certificateholders (and all persons ranking in priority to the Noteholders and Certificateholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and Certificateholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors in the order of priority set out in the Post-Enforcement Priority of Payments. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Certificate Condition 11.2 without enquiry and shall incur no liability to any person for so doing.

11.3 Limitations on Enforcement

No Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Certificate Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless (i) the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a 60-day period and such failure shall be continuing or (ii) the Note Trustee or, as the case may be, the Security Trustee is unable to do so and such inability is continuing, provided that no Certificateholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer. Any proceeds received by a Certificateholder pursuant to any such proceedings shall be paid to the Note Trustee promptly following receipt thereof for application pursuant to the applicable Priority of Payment.

11.4 Limited Recourse

Notwithstanding any other Certificate Condition or any provision of any Transaction Document, all obligations of the Issuer to the Certificateholders are limited in recourse to the property, assets and undertakings of the Issuer which are the subject of any security created under and pursuant to 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, any further amounts under the Certificates (including payments of Certificate Payment Amounts),

then the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due or to be paid in respect of the Certificates (including, for the avoidance of doubt, payments of Certificate Payment Amounts in respect of the Certificates) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Certificates and any further payment rights shall be extinguished.

11.5 Subordinated Holders Action Rights

Subject to this Certificate Condition 11 (*Enforcement*), the Issuer or notwithstanding any other Condition, Certificate Condition or any provision of any Transaction Document, following the delivery of an Enforcement Notice, the Security Trustee (subject to the Security Trustee having been indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Deed of Charge) shall be required to enforce or exercise its rights if directed to do so by the holders of not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Note or the holders of not less than 10 per cent. of the Residual Certificates (and such authorisation or sanction will be binding on the holders of each Class of Notes and the Residual Certificates) in respect of:

- (a) the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (*Warranties and Repurchase by the Seller and the Legal Title Holder*) of the Mortgage Sale Agreement;
- (b) the BoS Indemnity Payment;
- (c) the Issuer's Undertakings set out in Clause 7 (*Issuer's Undertakings*) of the Mortgage Sale Agreement;
- (d) the Seller's Undertakings set out in Clause 8 (*Seller's Undertakings*) of the Mortgage Sale Agreement;
- (e) the SVR Adjustment Indemnity set out in Clause 9 (*SVR Adjustment Indemnity*) of the Mortgage Sale Agreement;
- (f) the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement; and
- (g) the Standard Variable Rate setting provisions set out in Clause 4 (*Standard Variable Rate/Tracker Rate Margins*) of the Servicing Agreement).

If there is any conflict between the instructions to the Security Trustee validly given under this Certificate Condition 11.5 (*Subordinated Holders Action Rights*) and any instruction given to the Security Trustee by the Note Trustee (acting in accordance with the Trust Deed) or by any other Class of Notes then, notwithstanding anything to the contrary in the Conditions, the

Certificate Conditions or any Transaction Document) the instructions validly given under this Certificate Condition 11.5 (*Subordinated Holders Action Rights*) shall prevail and be binding upon the holders of each Class of Notes and the Residual Certificates.

12. MEETINGS OF CERTIFICATEHOLDERS AND NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 General

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders 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 Certificate Conditions, the Conditions or the provisions of any of the Transaction Documents.
- (b) The Trust Deed also provides that, notwithstanding any other provision of these Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver (and no such modification or waiver may otherwise be made):

- (i) which affects a Subordinated Notes Entrenched Right, being a waiver of:
- (A) the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (*Warranties and Repurchase by the Seller and the Legal Title Holder*) of the Mortgage Sale Agreement;
 - (B) the BoS Indemnity Payment;
 - (C) the Issuer's Undertakings set out in Clause 7 (Issuer's Undertakings) of the Mortgage Sale Agreement;
 - (D) the Seller's Undertakings set out in Clause 8 (Seller's Undertakings) of the Mortgage Sale Agreement;
 - (E) the SVR Adjustment Indemnity set out in Clause 9 (SVR Adjustment Indemnity) of the Mortgage Sale Agreement;
 - (F) the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement;
 - (G) the Standard Variable Rate setting provisions set out in Clause 4 (Standard Variable Rate/Tracker Rate Margins) of the Servicing Agreement);
 - (H) the Servicer Termination Events;
 - (I) any changes to the definition of Subordinated Notes Entrenched Rights,

(paragraphs (A) to (I) being the **Subordinated Notes Entrenched Rights**, unless one or more persons holding or representing not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes then outstanding or in issue, has consented (and such consent will be binding on each Class of Subordinated Notes);

Subordinated Notes means the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and/or the Class F Notes.

- (ii) which constitutes a Basic Terms Modification in respect of the Residual Certificates or which:
 - (A) changes the Residual Certificateholders' rights under the Servicing Agreement;
 - (B) changes the Residual Certificateholders' rights under the Portfolio Option Deed Poll;
 - (C) changes the definition of "Residual Certificates Entrenched Rights"; or
 - (D) is adverse to the Residual Certificates (and whether or not the interests of that Residual Certificateholder align with the interests of the holders of the relevant Class or Classes of Notes and/or Certificates),
 - (E) waivers:
 - I. the Seller's representations, warranties, repurchase obligations and indemnities set out in Clause 10 (*Warranties and Repurchase by the Seller and the Legal Title Holder*) of the Mortgage Sale Agreement;
 - II. the BoS Indemnity Payment;
 - III. the Issuer's Undertakings set out in Clause 7 (Issuer's Undertakings) of the Mortgage Sale Agreement;
 - IV. the Seller's Undertakings set out in Clause 8 (Seller's Undertakings) of the Mortgage Sale Agreement;
 - V. the SVR Adjustment Indemnity set out in Clause 9 (SVR Adjustment Indemnity) of the Mortgage Sale Agreement;
 - VI. the liability of the Servicer set out in Clause 3.4 of the Servicing Agreement;
 - VII. the Standard Variable Rate setting provisions set out in Clause 4 (Standard Variable Rate/Tracker Rate Margins) of the Servicing Agreement); or
 - VIII. the Servicer Termination Events,
- (iii) (paragraphs (A) to (E) above being the **Residual Certificates Entrenched Rights**), unless (i) in relation to the matters in paragraphs (A) to (D) above each of the Residual Certificateholders has consented in writing to such modification or waiver and (ii) in relation to the matters in paragraph (E) above one or more persons holding or representing not less than 10 per cent. of the Residual Certificates then outstanding or in issue, has consented;
- (iv) which changes:
 - (A) the date of payment of amounts due in respect of the Class S Certificates;
 - (B) the method of calculating the amounts payable in respect of the Class S Certificates;
 - (C) the priority of payments of amounts in respect of the Class S Certificates; or

- (D) the definition of "Class S Certificates Entrenched Rights",
 - (v) (paragraphs (A) to (D) above being the **Class S Certificates Entrenched Rights** unless the Class S Certificateholders have consented in writing to such modification or waiver; or
 - (vi) (A) authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made (x) which is adverse to the holder of the Retained Interest where a corresponding modification or waiver is not made which affects all Noteholders of the relevant Class or (y) to the definition of Retained Interest Entrenched Rights (the **Retained Interest Entrenched Rights**) (B) sanction a modification of the date of the maturity of any Class of the Notes or Certificates comprising the Retained Interest; (C) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates comprising the Retained Interest; (D) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes comprising the Retained Interest or, where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes comprising the Retained Interest, or of the method of calculating the amounts payable in respect of any Class of the Certificates comprising the Retained Interest; (E) sanction a modification of any rights or obligations arising under the Portfolio Option Deed Poll or the Retention Holder Deed Poll; (F) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates in each case comprising the Retained Interest which would adversely affect the Retention Holder; (G) alter the voting rights in respect of the holders of any Class of the Notes or Class of the Certificates comprising the Retained Interest; and (H) sanction any modification to the definition of Risk Retention Regulatory Change Event; unless the Retained Interest Holder has consented in writing to such modification or waiver.
- (c) For the purposes of these Certificate Conditions, **Most Senior Class** means:
- (i) the Class A Notes or, if there are no Class A Notes then outstanding,
 - (ii) the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding,
 - (iii) the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding,
 - (iv) the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding,
 - (v) the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding,
 - (vi) the Class F Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes then outstanding,
 - (vii) the Class X Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes or Class X Notes then outstanding,
 - (viii) the Class Z Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class X Notes or Class Z Notes then outstanding,

- (ix) the Class R Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class X Notes, Class Z Notes or Class R Notes then outstanding,
- (x) the Residual Certificates (the Class S Certificates shall not at any time constitute the Most Senior Class).

12.2 Most Senior Class, Limitations on other Noteholders and Certificateholders

- (a) Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the holders of each affected Class of Notes and/or Certificates then in issue (other than the Class S Certificateholders unless the matter is also a Class S Certificates Entrenched Right), as applicable (unless the Note Trustee is of the opinion that such modification is of a formal, minor or technical nature or to correct a manifest error) and other than where an Extraordinary Resolution is required under Certificate Condition 12.6 or the consent of the holders of the Subordinated Notes, the Retained Interest Holder, the Residual Certificateholders or the Class S Certificateholders is required (as described below):
 - (i) an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on such Noteholders and/or Certificateholders and all other Classes of Noteholders and Classes of Certificateholders irrespective of the effect it has upon them;
 - (ii) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on such Noteholders and/or Certificateholders and all other Classes of Noteholders and Classes of Certificateholders ranking junior to such Class of Noteholders or Class of Certificateholders in the Post-Enforcement Priority of Payments irrespective of the effect it has upon them, other than any resolution in respect of the Subordinated Notes Entrenched Rights or the Residual Certificates Entrenched Rights;
 - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class;
 - (iv) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Residual Certificateholders other than any resolution in respect of the Residual Certificates Entrenched Rights which shall only be binding on the Residual Certificateholders if the relevant Residual Certificateholders have consented to such modification or waiver pursuant to the applicable quorums;
 - (v) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Class S Certificateholders other than any resolution in respect of Class S Certificates Entrenched Rights which shall only be binding on the Class S Certificateholders if the Class S Certificateholders have consented to such modification or waiver;
 - (vi) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Retained Interest Holder other than any resolution in respect of Retained Interest Entrenched Rights which shall only be binding on the Retained Interest Holder if the Retained Interest Holder has consented to such modification or waiver;

- (vii) notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any waiver which constitutes a Subordinated Notes Entrenched Right unless persons holding or representing not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes then outstanding or in issue have consented to such waiver and such authorisation or sanction will be binding on each Class of Subordinated Notes; and
 - (viii) notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver and no such modification or waiver may otherwise be made which is a Basic Terms Modification or which otherwise affects a Residual Certificates Entrenched Right unless the Residual Certificateholders have consented to such modification or waiver subject to the applicable quorums (in writing).
- (b) No Extraordinary Resolution of the holders of a Class of Notes and/or a Class of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Class of Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Certificates then in issue which are affected by such Basic Terms Modification (other than the Class S Certificateholders unless the matter is also a Class S Certificates Entrenched Right or the Note Trustee is of the opinion that such modification is of a formal, minor or technical nature or to correct a manifest error).
 - (c) No Ordinary Resolution that is passed by the holders of the Certificates shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.
 - (d) An Ordinary Resolution passed by the holders of the Notes shall be binding on the Residual Certificateholders other than any resolution in respect of Residual Certificates Entrenched Rights which shall only be binding on the Residual Certificateholders if the relevant Residual Certificateholders have consented to such modification or waiver.
 - (e) An Ordinary Resolution passed by the holders of the Notes shall be binding on the Class S Certificateholders other than any resolution in respect of Class S Certificates Entrenched Rights which shall only be binding on the Class S Certificateholders if the Class S Certificateholders have consented to such modification or waiver.
 - (f) An Ordinary Resolution passed by the holders of the Notes shall be binding on the Retained Interest Holder other than any resolution in respect of Retained Interest Entrenched Rights which shall only be binding on the Retained Interest Holder if the Retained Interest Holder has consented to such modification or waiver.
 - (g) Any Subordinated Notes Entrenched Rights authorised or sanctioned by the holders of not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Notes will be binding on each Class of Subordinated Notes.
 - (h) Notwithstanding any other terms of the Conditions, the Certificate Conditions, the Trust Deed and the Transaction Documents, in respect of (i) a Subordinated Holders Action Right and (ii) any direction to the Security Trustee in connection with items (a) or (b) of the definition of Servicer Termination Event, the Security Trustee (subject to it having been indemnified and/or

secured and/or prefunded to its satisfaction in accordance with the Deed of Charge) shall act as directed by the holders of not less than 10 per cent. of the Principal Amount Outstanding of any Class of Subordinated Note or the holders of not less than 10 per cent. of the Residual Certificates and such action will be binding on each Class of Notes and the Residual Certificates and the Note Trustee.

12.3 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes or Certificateholders of any Class or Classes of Certificates for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Class or Classes of Certificates then outstanding or in issue, as applicable.
- (b) Subject as provided below, the quorum at any meeting of Noteholders and/or Certificateholders of any Class of any Notes or Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes and/or Class of Certificates then outstanding or in issue, as applicable.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the Conditions and the Certificate Conditions, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of the Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes, or where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes or of the method of calculating the amounts payable in respect of any Class of the Certificates, (iv) alter the currency in which payments under any Class of the Notes or Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of the Notes or Class of Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of the Notes or Class of the Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates and (viii) change the definition of a Basic Terms Modification, provided that any amendment made in accordance with Certificate Condition 12.6 shall not constitute a Basic Terms Modification (each a **Basic Terms Modification**), shall be one or more persons holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class of Notes and/or Class of Certificates then outstanding or in issue, as applicable or, where the detailed provisions set out in the Trust Deed, the Conditions or the Certificate Conditions provide that if one Class of Subordinated Notes consents to a modification such consent will be binding on each Class of Subordinated Notes, one or more persons holding or representing in the aggregate not less than 10 per cent. of the aggregate Principal Amount Outstanding of that one Class. For the avoidance of doubt, a proposal to sanction a reduction in the principal amounts due on a Class or Classes of Notes and/or any Class S Certificate Payments and/or Residual Certificate Payment shall require the sanction of the holders of the relevant Class of Notes or Certificates to be so reduced, and shall not require the consent of other Classes of Notes or Certificates.
- (d) The quorum at any adjourned meeting will be:

- (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; and
- (ii) subject as provided below, for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Class or Classes of Certificates then outstanding or in issue, as applicable; and
- (iii) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class or Classes of Notes and/or Class or Classes of Certificates then outstanding or in issue, as applicable.

12.4 The Note Trustee may or, in the case of paragraphs (c) and (d) below, shall at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree (and direct the Security Trustee to agree) with the Issuer and any other parties in making or sanctioning any modification:

- (a) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document (other than in respect of a Basic Terms Modification, a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right), which in the opinion of the Note Trustee will not be materially prejudicial to the interests of the Noteholders of any Class or the interests of the Certificateholders of any Class or the Note Trustee or the Security Trustee;
- (b) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, which, in the opinion of the Note Trustee is to correct a manifest error or is of a formal, minor or technical nature;
- (c) (other than in respect of a Basic Terms Modification, a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) that would result in the Issuer entering into any new and/or amended bank account agreement or collection account agreement (including where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Documents) in order to maintain the ratings of the Notes at their then current ratings); or
- (d) (other than in respect of a Basic Terms Modification, a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) that is required to effect the appointment of a Successor Servicer (including, but not limited to, the Issuer entering into any new and/or amended servicing agreement) provided that the conditions to the appointment of that Successor Servicer set out in the Servicing Agreement are satisfied, and

provided that in the case of amendments pursuant to paragraphs (c) and/or (d) that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment (including, for the avoidance of doubt, any new appointment made

thereunder) which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (i) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and/or the Certificate Conditions.

- 12.5** Other than in respect of a Basic Terms Modification, a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right, the Note Trustee may, and may direct the Security Trustee to, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach or Event of Default, from time to time and at any time, but only if and insofar as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders of any Class or the Certificateholders of any Class will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificate Conditions or any of the Transaction Documents by any party thereto or determine that any Event of Default shall not be treated as such, provided that the Note Trustee shall not exercise any powers conferred on it by this Certificate Condition 12 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Certificate Condition 10 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.
- 12.6** The Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) shall, without the consent or sanction of the Noteholders, the Certificateholders or any of the other Secured Creditors, concur (and direct the Security Trustee to concur) with the Issuer in making any modifications (for the avoidance of doubt, other than in respect of a Subordinated Notes Entrenched Right, a Residual Certificates Entrenched Right, a Class S Certificates Entrenched Right or a Retained Interest Entrenched Right) to the Transaction Documents and/or the Certificate Conditions that are requested in writing by the Issuer (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer (or, where applicable, any other transaction parties) to:
- (a) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
 - (b) (I) comply with, implement or reflect any changes in the requirements (including, but not limited to, risk retention, transparency and/or investor due diligence) of, or to enable the Issuer or any other transaction party to comply with an obligation under, the UK Securitisation Regulation or the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only), together with any relevant laws, regulations, technical standards, rules, other implementing legislation, official guidance or policy statements, in each case as amended, varied or substituted from time to time after the Closing Date; or (II) comply with any changes in the requirements of the U.S. Credit Risk Retention Requirements, including as a result of any other U.S. risk retention legislation, regulations or official guidance in relation thereto, in each case applying in respect of the Transaction;
 - (c) enable the Notes to be (or to remain) listed on the London Stock Exchange;
 - (d) enable the Issuer or any of the other transaction parties to comply with FATCA;

- (e) comply 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;
- (f) comply with the provisions of Rule 17g-5 of the Exchange Act; and
- (g) to change the reference rate or the base rate that then applies in respect 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 Seller on its behalf) to facilitate such change (a **Base Rate Modification**), provided that the Issuer (or the Seller on its behalf) provides a certificate to the Note Trustee and the Security Trustee certifying (such certificate, a **Base Rate Modification Certificate**) that:
 - (i) such Base Rate Modification is being undertaken due to:
 - I. an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
 - II. a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - III. the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
 - IV. 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);
 - V. 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;
 - VI. a 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; or
 - VII. the reasonable expectation of the Issuer that any of the events specified in paragraphs I to VI 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:
 - I. a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of 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);

- II. 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; or
- III. such other base rate as the Issuer reasonably determines (to preserve, so far as reasonably and commercially practicable, what would have been the expected Floating Rate of Interest applicable to the Class A Notes) or which is proposed by any holder of the Most Senior Class of Notes then outstanding or the Residual Certificates then in issue) and
 - (i) it has obtained written confirmation from each of the Rating Agencies that the proposed Base Rate Modification would not result in (x) a downgrade, withdrawal or suspension of the rating of any Class of Rated Notes or (y) any Class of Rated Notes being placed on rating watch negative (or equivalent), (a **Negative Ratings Action**); or (ii) it has been unable to obtain written confirmation from each of the Rating Agencies that the proposed Base Rate Modification would not result in a Negative Ratings Action but it has received oral confirmation from an appropriately authorised person at such Rating Agency; or (iii) it has given the Rating Agencies at least 30 days' prior written notice of the proposed modification and none of the Rating Agencies has indicated that such Base Rate Modification would result in a Negative Ratings Action.

The Note Trustee and the Security Trustee shall be entitled to rely on a Base Rate Modification Certificate absolutely without liability and enquiry.

For the avoidance of doubt, the Issuer (or the Seller on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this paragraph (g) are satisfied,

(each of paragraphs (a)-(g) above, a **Proposed Amendment**) and subject to:

- (h) receipt by the Note Trustee and the Security Trustee of a certificate (upon which they may rely absolutely without liability or enquiry) issued by the Issuer signed by two directors of the Issuer (or the Seller on its behalf, signed by two directors of the Seller) (in the case of paragraph (g) above, such certificate to be in the form of a Base Rate Modification Certificate) certifying to the Note Trustee and the Security Trustee that the requested modifications in relation to any Proposed Amendment are to be made solely for the purpose of enabling the Issuer to satisfy such obligations under any Proposed Amendment and have been drafted solely to such effect, and in the case of a Proposed Amendment under paragraph (a) above shall include a memorandum addressed to the Note Trustee and the Security Trustee for the benefit of Noteholders, by a reputable law firm confirming that the Proposed Amendment seeks to address the non-compliance set out in paragraph (a) above and each of the Note Trustee and the Security Trustee shall be entitled to rely on such certificate and memorandum without enquiry or liability; and
- (i) the Issuer (or the Seller on its behalf) certifying in writing to the Note Trustee and the Security Trustee that (upon which certificate the Note Trustee and the Security Trustee may rely absolutely and without liability or enquiry):
 - (i) the Issuer has provided at least 30 calendar days' notice to the Noteholders and Certificateholders of each Class of the Proposed Amendment in accordance with Condition 16 (*Notice to Noteholders*) and Certificate Condition 15 (*Notice*

to *Certificateholders*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes and Certificates; and

- (ii) Noteholders or Certificateholders representing at least ten per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Residual Certificates then in issue 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 or the Residual Certificates may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the Proposed Amendment.

If Noteholders or Certificateholders representing at least ten per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Residual Certificates then in issue have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes or Residual Certificates may be held within the notification period referred to above that they object to the Proposed Amendment, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding and/or of the Residual Certificates then in issue, as applicable, is passed in favour of such modification in accordance with the Trust Deed.

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 or Certificateholder's holding of the Residual Certificates.

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this Certificate Condition 12.6 which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of:

- (A) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or
- (B) increasing the obligations or duties, or decreasing the protections of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or the Certificate Conditions.

Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any Proposed Amendment pursuant to this Certificate Condition 12.6, the Note Trustee shall not consider the interests of the Noteholders, the Certificateholders or any other Secured Creditor (other than itself (or the Security Trustee) as provided above) or any other person and each of the Note Trustee and the Security Trustee and shall be entitled to rely, without investigation, on any certificate or legal memorandum provided to it by the Issuer pursuant to this Certificate Condition 12.6 as evidence that the Proposed Amendments are made solely for the purpose of enabling the Issuer to satisfy any such obligation applicable to it, and have been drafted solely to such effect and shall not be liable to any Noteholder, Certificateholder or other Secured Creditor for so acting or relying irrespective of whether any such modification is or may be materially prejudicial to the interests of the Noteholders of any Class, the Certificateholders of any Class or any other Secured Creditor or any other person.

Only modifications which comply with this Certificate Condition 12.6 may be made pursuant to this Certificate Condition 12.6. Any other modifications may only be made pursuant to

Certificate Condition 12.4 or Certificate Condition 12.7 and Clause 25 (Modification) and Schedule 6 (Provisions for meetings of Noteholders and Certificateholders) of the Trust Deed.

- 12.7** Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with the Conditions, these Certificate Conditions or the Transaction Documents shall be binding on the Certificateholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Certificateholders as soon as practicable thereafter in accordance with Certificate Condition 15 (*Notice to Certificateholders*).
- 12.8** Any modification to the Transaction Documents and the Certificate Conditions shall be notified by the Issuer in writing to the Rating Agencies.
- 12.9** In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Certificate Condition 12.19 (*Issuer Substitution Condition*), the Note Trustee may agree, without the consent of the Certificateholders or the other Secured Creditors, to a change of the laws governing the Certificates, these Certificate 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 Certificateholders.
- 12.10** In determining whether a proposed action will not be materially prejudicial to the interests of the Noteholders or Certificateholders of any Class thereof, the Note Trustee may, 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 ratings of the Rated Notes. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Rated Notes would not be adversely affected, 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, the Certificateholders or any other person, or create any legal relations between each of the Rating Agencies and the Note Trustee, the Noteholders, the Certificateholders or any other person, whether by way of contract or otherwise.
- 12.11** Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Certificate Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee (acting on the instructions of the Note Trustee) is required to have regard to the interests of the Noteholders or Certificateholders of any Class or Classes, it shall (A) have regard (except as expressly provided otherwise and at all times subject to the Subordinated Notes Entrenched Rights, the Residual Certificates Entrenched Rights, the Class S Certificates Entrenched Rights and the Retained Interest Entrenched Rights) to the general interests of the Noteholders or Certificateholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Certificateholders (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 or Certificateholders (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 or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholders or Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders and (B) subject to the more detailed provisions of the Trust Deed

and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes and Class of Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Class of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes or Certificates ranking in priority to the other relevant Classes of Notes or Certificates in the Post-Enforcement Priority of Payments (other than the Class S Certificates, in respect of which the Note Trustee or, as the case may be, the Security Trustee will have regard only as to the Class S Certificates Entrenched Rights).

12.12 Ordinary Resolution means, in respect of the holders of any of the Classes of Notes or Certificates:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and the Certificate Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant Class of Notes and/or Certificates held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of a clear majority of the aggregate Principal Amount Outstanding of the Notes and/or Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or the Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes or Class of Certificates.

12.13 Extraordinary Resolution means:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and the Certificate Conditions by at least 75 per cent. of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant Class of Notes and/or Class of Certificates held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of at least 75 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or the Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding at least 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes and/or Class of Certificates.

12.14 Eligible Person means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

12.15 Voting Certificate means an English language certificate issued by a Paying Agent in which it is stated that on the date thereof the Notes and/or Certificates (not being the Notes and/or Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Certificates will cease to be so blocked until the first to occur of:

- (a) the conclusion of the meeting specified in such Voting Certificate; and
- (b) the surrender of the Voting Certificate to the Paying Agent who issued the same; and

that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.

12.16 Block Voting Instruction means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the

instructions referred to in paragraph (c) above as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:

- (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
- (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the meeting when it is resumed.

12.17 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Principal Paying Agent on behalf of the Issuer.

12.18 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provision concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificate Conditions, the Deed of Charge and the Trust Deed any reference to the Principal Amount Outstanding of the Class S1 Certificates, Class S2 Certificates and the Residual Certificates of any Class shall be deemed to be £10,000,000 in respect of each Class of Certificate.

12.19 Issuer Substitution Condition

The Note Trustee may agree, subject to such amendment of these Certificate 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 Certificateholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Certificates 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 Certificates 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 Certificate Condition 5 (*Covenants and Undertakings*). In the case of a substitution pursuant to this Certificate Condition 12.19, the Note Trustee may in its absolute discretion agree, without the consent of the Certificateholders, to a change in law governing the Certificates 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 of any Class and Certificateholders of any Class.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

- (a) 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 pre-funded and/or secured to their satisfaction.
- (b) 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 Certificateholders 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 CERTIFICATES

If any Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws. Replacement of any mutilated, defaced, lost, stolen or destroyed Certificate 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 may reasonably require. A mutilated or defaced Certificate must be surrendered before a new one will be issued.

15. NOTICE TO CERTIFICATEHOLDERS

15.1 Publication of Notice

- (a) While the Certificates are represented by a Global Certificate, notices to Certificateholders will be valid if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day such notice is sent to Euroclear and/or Clearstream, Luxembourg.
- (b) While the Certificates are represented by Definitive Certificates, the Note Trustee shall be at liberty to sanction any method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall deem appropriate.

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 Certificateholders 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 quotation systems on or by which the Certificates are then quoted and/or traded and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall require.

16. JURISDICTION AND GOVERNING LAW

- (a) The Courts of England (the **Courts**) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes, the Certificates and these Certificate 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, save for any matters which are particular to the laws of Northern Ireland which shall be governed by the laws of Northern

Ireland and save for certain documents supplemental to the Mortgage Sale Agreement and Deed of Charge that relate to the Scottish Loans which shall be governed by Scots law.

17. 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 Certificates or these Certificate Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. SUBORDINATION BY DEFERRAL

18.1 Class S Certificate Payments

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of any Class S Certificate Payments (which shall, for the purposes of this Certificate Condition 18, include any Deferred Class S Certificate Payments from prior Interest Payment Dates, each as defined under this Certificate Condition 18) payable in respect of the Class S Certificates 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 some or all of the relevant Payment due (such deferred amount, the **Deferred Class S Certificate Payments**) in respect of the Class S Certificates to the extent only of any insufficiency of funds.

18.2 Notification

As soon as practicable after becoming aware that any part of a Payment on the Class S Certificates will be deferred or that a previous Deferred Class S Certificate Payments will be made in accordance with this Certificate Condition 18, the Issuer will give notice thereof to the Class S Certificateholders in accordance with Certificate Condition 15 (*Notice to Certificateholders*). Any deferral of a Payment or further deferral of a Deferred Class S Certificate Payments in accordance with this Certificate Condition 18 will not constitute an Event of Default. The provisions of this Certificate Condition 18 shall cease to apply on the Final Redemption Date, or any earlier date on which the Class S Certificates are cancelled or are required to be redeemed in full, at which time all Deferred Class S Certificate Payments shall become due and payable.

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 the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek professional advice.

The Class S Certificates and the Residual Certificates are not considered below.

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 are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for such purposes. The Notes will satisfy this requirement if they are officially listed in the UK and are admitted to trading on the Regulated Market of the London Stock Exchange. Provided, therefore, that such Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on those Notes will be payable without withholding or deduction for or on account of United Kingdom income 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. 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).

Where Notes are issued at an issue price of less than 100 per cent. of the principal amount, any payments in respect of the discount element on any such Notes should not generally be subject to any withholding or deduction for or on account of United Kingdom income tax. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

UNITED STATES FEDERAL INCOME TAXATION

A discussion of the material U.S. federal income tax consequences of the purchase, ownership and disposition of the Rule 144A Notes is set out below. As set forth in the discussion below it is anticipated that, upon issuance of the Rule 144A Notes, Allen & Overy LLP will deliver its opinion that, although there is no statutory, judicial or administrative authority directly addressing the characterisation of instruments similar to the Rule 144A Notes, when issued, the Class A Notes will, and the Class B Notes, Class C Notes and Class D Notes should, be treated as debt for U.S. federal income tax purposes.

General

The following is a general summary of certain material U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Rule 144A Notes (except for the discussions under "*Taxation of Non-United States holders of the Notes*" and "*Back-up withholding and information reporting*" which apply in respect of all Notes). In general, the discussion only addresses a holder that acquires the Notes at original issuance and holds the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following:

- (a) financial institutions;
- (b) insurance companies;
- (c) dealers or traders in stocks, securities, notional principal contracts or currencies;
- (d) tax-exempt entities;
- (e) regulated investment companies;
- (f) real estate investment trusts;
- (g) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
- (h) partnerships or other pass-through entities for U.S. federal income tax purposes;
- (i) certain former citizens or residents of the United States;
- (j) persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement; and
- (k) United States holders (as defined below) that have a "functional currency" other than the U.S. Dollar.

This discussion also does not address alternative minimum tax or net investment income tax consequences, or the indirect effects on the holders of equity interests in holders of Notes, nor does it describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

This discussion is based on the Code, U.S. Treasury regulations and judicial and administrative interpretations thereof, all as currently in effect and subject to change at any time, possibly with retroactive effect.

No rulings will be sought from the U.S. Internal Revenue Service (the **IRS**) on any of the issues discussed in this section and there can be no assurance that the IRS or courts will agree with the conclusions expressed herein. Accordingly, investors are encouraged to consult their own tax advisers as to the U.S. federal income tax consequences to the investor of the purchase, ownership and disposition of the Notes to them, including the possible application of state, local, non-U.S. or other tax laws, and other U.S. tax issues affecting the transaction.

As used in this section, the term **United States holder** means a beneficial owner of Notes that is for U.S. federal income tax purposes:

- (a) a citizen or resident of the United States;
- (b) a corporation created or organised in or under the laws of the United States or any state thereof (including the District of Columbia);
- (c) any estate the income of which is subject to U.S. federal income tax regardless of the source of its income; or
- (d) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

A **Non-United States holder** is a beneficial owner of the Notes that is not a United States holder and not a partnership. If a holder of Notes is a partnership for U.S. federal income tax purposes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Such partners of partnerships holding Notes are encouraged to consult their own tax advisers regarding the personal tax consequences to them.

Characterisation of the Rule 144A Notes

The Issuer will treat the Rule 144A Notes other than the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes, and the Class R Notes (the **U.S. Notes**) as indebtedness for U.S. federal income tax purposes. Each United States holder of a U.S. Note, by acceptance of such U.S. Note, will agree to treat such U.S. Note as indebtedness for U.S. federal income tax purposes. Although there is no statutory, judicial or administrative authority directly addressing the characterisation of instruments similar to the U.S. Notes, upon issuance of the U.S. Notes, Allen & Overy LLP will deliver an opinion that when issued, the Class A Notes will, and the Class B Notes should, be treated as debt for U.S. federal income tax purposes. This opinion is not binding on the IRS, and no assurance can be given that the characterisation of the U.S. Notes as indebtedness will prevail if the issue were challenged by the IRS. In general, the characterisation of an instrument for such purposes as debt or equity by its issuer as of the time of issuance is binding on a holder, unless the holder takes an inconsistent position and discloses such position in its tax return. This characterisation, however, is not binding on the IRS. Prospective United States holders of the U.S. Notes should consult with their own tax advisers as to the effect of a recharacterisation of the U.S. Notes as equity interests in the Issuer. In general, if a Class of Notes were treated as equity, the discussion under the heading "*Taxation of United States holders of the Equity Notes*" below and elsewhere of the tax consequences of holding Equity Notes (as defined below) would be relevant to holders of that Class as well. Except as otherwise stated below, the remainder of this discussion assumes the U.S. Notes will be treated as indebtedness for U.S. federal income tax purposes.

The Issuer has agreed, and by its acceptance of the Class E Notes, the Class F Notes, the Class X Notes, the Class Z Notes, and the Class R Notes (the **Equity Notes**) each United States holder of an Equity Note will be deemed to have agreed, to treat the Equity Notes as equity in the Issuer for U.S. federal

income tax purposes, except as otherwise required by any governmental authority. The balance of this discussion assumes that the Equity Notes will properly be characterised as equity in the Issuer.

Taxation of United States holders of the U.S. Notes

Qualified Stated Interest and Original Issue Discount

United States holders of U.S. Notes generally will be required to include in gross income the U.S. Dollar value of payments of "qualified stated interest" (generally, stated interest unconditionally payable at least annually at a single fixed rate) accrued or received on their U.S. Notes, in accordance with their usual method of tax accounting, as ordinary interest income. The Issuer intends to treat interest on the Class A Notes and the Class B Notes as "qualified stated interest" under U.S. Treasury regulations (**OID Regulations**) relating to original issue discount (**OID**). As a consequence, discount on a Class A Note or Class B Note arising from an issuance at less than par will only be required to be accrued under the OID Regulations if such discount is equal to or exceeds 0.25 per cent. of the Class A Note's stated redemption price at maturity multiplied by the number of complete years to its maturity. In general, the stated redemption price at maturity of a Class A Note or a Class B Note is the total of all payments provided by the Class A Notes or the Class B Notes that are not payments of qualified stated interest. If the discount on a Class A Note or Class B Notes does not exceed the above threshold, such discount will be treated as *de minimis* OID and, absent an election by the holder to accrue under the OID rules, will be included in income on a pro rata basis as principal payments are made on the Class A Notes or the Class B Notes.

If a United States holder holds a U.S. Note issued with OID other than a Deferred Interest Note (as defined below) (any such Note, a **Discount Note**), such United States holder must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Note. The amount of OID includible in income by a United States holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the United States holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Discount Note may be of any length selected by the United States holder and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year, and (ii) each scheduled payment of interest or principal on the Discount Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of interest on the Discount Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is equal to the "issue price" of the Discount Note (generally, the first price at which a substantial amount of U.S. Notes are sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers), increased by the amount of any OID accrued for each prior accrual period and reduced by any payments received during each prior accrual period other than those of qualified stated interest.

Because payments of stated interest on the Class C Notes and the Class D Notes (together, the **Deferred Interest Notes**) are contingent on available funds and subject to deferral (and such potential for deferral is not, in the Issuer's view, sufficiently remote to be disregarded for purposes of the OID rules), the Issuer will treat the Deferred Interest Notes for U.S. federal income tax purposes as having OID. The total amount of such discount with respect to a Deferred Interest Note will equal the sum of all payments to be received under such Deferred Interest Note less its issue price (the first price at which a substantial amount of Deferred Interest Notes of the same Class was sold to investors). A U.S. holder of Deferred Interest Notes will be required to include OID in income as it accrues. The amount of OID accruing in

any Interest Period will generally equal the stated interest accruing in that period (whether or not currently due) plus any additional amount representing the accrual under a constant yield method of any additional OID represented by the excess of the principal amount of the Deferred Interest Notes over their issue price (regardless of the amount). Accruals of any such additional OID will be based on the projected weighted average life of the Deferred Interest Notes rather than their stated maturity. In the case of Deferred Interest Notes, accruals of OID should be calculated by assuming that interest will be paid over the life of the Deferred Interest Note based on the value of SONIA used in setting interest for the first Interest Period, and then adjusting the income for each subsequent Interest Period for any difference between the actual value of SONIA used in setting interest for those periods and the assumed rate.

As an alternative to the above treatments, United States holders may elect to include in gross income all interest with respect to the U.S. Notes, including stated interest, OID, *de minimis* OID, and unstated interest using the constant yield method described above.

Interest income on the U.S. Notes will be treated as foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a United States holder's foreign tax credit limitation for U.S. federal income tax purposes. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and United States holders are encouraged to consult their own tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Sale, exchange or retirement of the U.S. Notes

In general, a United States holder of a U.S. Note will have an adjusted tax basis in such U.S. Note equal to the cost of the U.S. Note to such holder, increased by any amounts includible in income by the holder as OID, and reduced by any payments thereon other than payments of qualified stated interest. Upon a sale, exchange or retirement of the U.S. Note, a United States holder will generally recognise gain or loss equal to the difference between the amount realised (less amounts attributable to any accrued and unpaid interest, which would be taxable as such) and the holder's adjusted tax basis in the U.S. Note. Such gain or loss will be long-term capital gain or loss if the United States holder has held the U.S. Note for more than one year at the time of disposition. Long-term capital gains recognised by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

Foreign Currency Gain or Loss

A United States holder holding U.S. Notes denominated in a non-U.S. Dollar currency will be subject to the U.S. federal income tax rules generally applicable to debt instruments denominated in a non-functional currency. Under those rules, interest income generally will be calculated in the non-U.S. Dollar currency and converted into U.S. Dollars based on an applicable exchange rate. The holder will recognise foreign currency gain or loss (which is ordinary income or loss) as interest payments are received to account for any difference between the amount of reported interest income and the U.S. Dollar value of the interest payments received. OID on U.S. Notes denominated in a non-U.S. Dollar currency for each accrual period will be determined in the non-U.S. Dollar currency that such U.S. Note is denominated in and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis United States holder. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale, exchange or retirement of a Discount Note), a United States holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Foreign currency gain or loss also may be recognised as principal payments are received, or upon a sale, exchange or retirement of the U.S. Notes (limited by the overall gain or loss on sale, exchange or retirement of the U.S. Notes), reflecting changes in exchange rates over the period in which the U.S. Notes are held. United States holders purchasing U.S. Notes should consult their own tax advisers regarding the calculation and treatment of foreign currency gain or loss.

Taxation of United States holders of the Equity Notes

Investment in a Passive Foreign Investment Company

A non-U.S. corporation will be classified as a passive foreign investment company (a **PFIC**) for U.S. federal income tax purposes if 75 per cent. or more of its gross income (including the pro rata share of the gross income of any corporation in which the non-U.S. corporation is considered to own 25 per cent. or more of the shares by value) in a taxable year is passive income. Alternatively, a non-U.S. corporation will be classified as a PFIC if at least 50 per cent. of its assets generally determined based on fair market value (including the pro rata share of the assets of any corporation in which the non-U.S. corporation is considered to own 25 per cent. or more of the shares by value) are held for the production of, or produce, passive income.

Based on the assets that the Issuer expects to hold and the income anticipated thereon, it is highly likely that the Issuer will be classified as a PFIC for U.S. federal income tax purposes. The Issuer intends to treat the Equity Notes as equity in a PFIC. Accordingly, the following discussion assumes that the Issuer will be a PFIC throughout the term of the Equity Notes, and United States holders of Equity Notes should assume that they will be subject to the U.S. federal income tax consequences described below that result from owning stock in a PFIC (subject to the discussion under "*Investment in a Controlled Foreign Corporation*", below).

If the PFIC rules are otherwise applicable and a United States holder has not elected to treat the Issuer as a "qualified electing fund" (as described in the next paragraph), such United States holder generally will be subject to special rules with respect to (i) any "excess distribution" (generally, any distributions received by the United States holder on the Equity Notes in a taxable year that are greater than 125 per cent. of the average annual distributions received by the United States holder in the three preceding taxable years or, if shorter, the United States holder's holding period for the Equity Notes) and (ii) any gain realised on the sale, exchange or retirement of the Equity Notes. Under these rules, (a) the excess distribution or gain will be allocated rateably over the United States holder's holding period, (b) the amount allocated to the current taxable year will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest tax rate on ordinary income in effect for each taxable year to which the income is allocated, as if such distributions and gain had been recognised rateably over the United States holder's holding period for the Equity Notes. An interest charge is also applied to the deferred tax amount resulting from the deemed rateable distribution.

If a United States holder elects to treat the Issuer as a "qualified electing fund" (a **QEF**), distributions and gain will not be taxed as if recognised rateably over the United States holder's holding period or subject to an interest charge. Instead, a United States holder that makes a QEF election is required for each taxable year to include in income the United States holder's pro rata share of the ordinary earnings of the qualified electing fund as ordinary income and a pro rata share of the net capital gain of the qualified electing fund as capital gain, regardless of whether such earnings or gain have in fact been distributed (assuming the discussion below under "*Investment in a Controlled Foreign Corporation*" does not apply), and pay tax on such income, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. In order to comply with the requirements of a QEF election, a United States holder must receive from the Issuer certain information. The Issuer agrees to make available to any United States holder of Equity Notes or of any other Class of Notes that is determined by the U.S. Internal Revenue Service to be treated as equity in the Issuer, upon such United States holder's request and at the Issuer's expense, the books and records of the Issuer, and to provide

information to such United States holder pertinent to the Issuer's status as a PFIC as defined in Section 1297(a) of the Code. Upon request by such United States holder, the Issuer will timely provide to each such United States holder, at the Issuer's expense, all information reasonably available to the Issuer to permit such United States holder to (i) accurately prepare all tax returns and comply with any reporting requirements as a result of the Issuer's status as a PFIC and (ii) make and maintain any tax election (including, without limitation, a QEF election under Section 1295 of the Code) with respect to the Issuer and comply with any reporting or other requirements incident to such election. Except as expressly noted, the discussion below assumes that a QEF election will not be made.

If the Issuer is a PFIC, each United States holder of an Equity Note must make an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which the United States holder holds a direct or indirect interest. If a United States holder does not file IRS Form 8621, the statute of limitations on the assessment and collection of U.S. federal income taxes of such United States holder for the related tax year may not close before the date which is three years after the date on which such report is filed. Prospective investors should consult their own tax advisers regarding the potential application of the PFIC rules to the Equity Notes and any other Class of Notes.

Investment in a Controlled Foreign Corporation

Depending on the degree of ownership of the Equity Notes and other equity interests in the Issuer by United States holders, the Issuer may constitute a controlled foreign corporation (**CFC**). In general, a foreign corporation will constitute a CFC if more than 50 per cent. of the shares of the corporation, measured by reference to combined voting power or value, are owned, directly or indirectly, by **United States shareholders**. A United States shareholder for this purpose is any United States person that owns or is treated as owning under specified attribution rules, 10 per cent. or more of the combined voting power or value of all classes of shares of a foreign corporation. If more than 50 per cent. of the Equity Notes and other equity interests in the Issuer are held by such United States shareholders, the Issuer would be a CFC.

If the Issuer were treated as a CFC, a United States shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a dividend at the end of the taxable year of the Issuer in an amount equal to that person's pro rata share of the Issuer's **subpart F income** and investments of the Issuer's earnings in U.S. property. Among other items, and subject to certain exceptions, subpart F income includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, substantially all of its income would be subpart F income. In addition, distributions of previously taxed amounts included as dividends by a United States shareholder generally will not be treated as income to the United States shareholder when distributed. Instead, special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of deemed and actual distributions and certain "dividends" from such CFC could be recharacterised as U.S. source income for U.S. foreign tax credit purposes.

If the Issuer were to constitute a CFC, for the period during which a United States holder of Equity Notes is a United States shareholder of the Issuer, such holder generally would be taxable on the Issuer's subpart F income and investments of the Issuer's earnings in U.S. property under rules described in the preceding paragraph and not under the PFIC rules previously described. The Issuer, at its expense, shall from time to time at the request of a Noteholder provide all information that is reasonably required to determine if United States shareholders' direct or indirect ownership of the Issuer would cause the Issuer to be considered a CFC as defined in Section 957(a) of the Code. If the Issuer or a Noteholder determines that the Issuer is a CFC, the Issuer shall furnish to each Noteholder upon its reasonable request, on a timely basis, and at the Issuer's expense, all information necessary to satisfy the U.S. income tax return filing requirements of such Noteholder arising from its investment in the Issuer.

A United States holder that is a United States shareholder of the Issuer subject to the CFC rules for only a portion of the time during which it holds Equity Notes should consult its own tax adviser regarding the interaction of the PFIC and CFC rules.

Distributions on the Equity Notes

Except to the extent that distributions are attributable to amounts previously taxed by virtue of a QEF election or pursuant to the CFC rules, some or all of any distributions with respect to the Equity Notes may constitute excess distributions, taxable as previously described. Distributions of current or accumulated earnings and profits of the Issuer, as determined for U.S. federal income tax purposes, which are not excess distributions will be taxed as dividends when received. The amount of such income is determined by translating non-U.S. Dollar currency received into U.S. Dollars at the spot rate on the date of receipt. A United States holder may realise foreign currency gain or loss on a subsequent disposition of the non-U.S. Dollar currency received.

Disposition of the Equity Notes

In general, a United States holder of an Equity Note will recognise gain or loss upon the sale, exchange or retirement of the Equity Note equal to the difference between the amount realised and such holder's adjusted tax basis in such Equity Note. Initially, the tax basis of a United States holder should equal the amount paid for an Equity Note. Such basis will be increased by amounts taxable to such United States holder by virtue of a QEF election or the CFC rules (if applicable), and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital. Unless a QEF election is made, it is highly likely that any gain realised on the sale, exchange or retirement of an Equity Note will be treated as an excess distribution and taxed as ordinary income under the special tax rules described above (assuming that the PFIC rules apply and not the CFC rules).

Subject to a special limitation for individual United States holders that have held the Equity Notes for more than one year, if the Issuer were treated as a CFC and a United States holder were treated as a United States shareholder thereof, any gain realised by such holder upon the sale, exchange or retirement of Equity Notes would be treated as ordinary income to the extent of the United States holder's pro rata share of current and accumulated earnings and profits of the Issuer and any of its subsidiaries. In this respect, earnings and profits would not include any amounts previously taxed pursuant to the CFC rules.

Foreign Currency Gain or Loss

A United States holder of Equity Notes that recognises income from the Equity Notes under the QEF or CFC rules discussed above will recognise foreign currency gain or loss attributable to movement in foreign exchange rates between the date when it recognised income under those rules and the date when the income actually is distributed. Any such foreign currency gain or loss will be treated as ordinary income or loss.

A United States holder that receives foreign currency upon the sale or other disposition of the Equity Notes generally will realise an amount equal to the U.S. Dollar value of the foreign currency on the date of such sale, exchange or retirement. A United States holder will have a tax basis in the foreign currency received equal to the U.S. Dollar amount realised. Any gain or loss realised by a United States holder on a subsequent conversion of the foreign currency for a different amount will be foreign currency gain or loss.

Transfer and Other Reporting Requirements

In general, United States holders that acquire Equity Notes for cash may be required to file IRS Form 926 and to supply certain additional information to the IRS if (i) such United States holder owns (directly or indirectly) immediately after the transfer, at least 10 per cent. by vote or value of the Issuer or (ii) the transfer when aggregated with all related transfers under applicable regulations exceeds \$100,000. In addition, a United States holder of Equity Notes that owns (actually or constructively) at least 10 per cent. by vote or value of the Issuer may be required to file an information return on IRS Form 5471. A United States holder of Equity Notes generally is required to provide additional information regarding the Issuer annually on IRS Form 5471 if it owns (actually or constructively) more than 50 per cent. by vote or value of the Issuer.

Prospective investors in the Equity Notes should consult with their own tax advisers regarding whether they are required to file IRS Form 8886 in respect of this transaction. Such filing generally will be required if such investors file U.S. federal income tax returns or U.S. federal information returns and recognise losses in excess of a specified threshold. Such filing will also generally be required by a United States holder of the Equity Notes if the Issuer both participates in certain types of transactions that are treated as "reportable transactions", such as a transaction in which its loss exceeds a specified threshold, and either (x) such United States holders owns 10 per cent. or more of the aggregate amount of the Equity Notes and makes a QEF election with respect to the Issuer or (y) the Issuer is treated as a CFC and such United States holder is a "United States shareholder" (as defined above) of the Issuer. If the Issuer does participate in a reportable transaction, it will make reasonable efforts to make such information available. Significant penalties may be imposed on taxpayers required to file IRS Form 8886 that fail to do so timely.

Foreign Financial Asset Reporting

Certain United States holders that own certain foreign financial assets, including debt or equity of foreign entities, with an aggregate value in excess of certain U.S. Dollar thresholds may be required to file an information report with respect to such assets with their tax returns and the understatement of income attributable to such foreign financial assets may extend the statute of limitations with respect to the tax return. Failure to comply with this requirement may result in the imposition of substantial penalties. United States holders are urged to consult their tax advisers regarding the application of these reporting requirements to their ownership of the Rule 144A Notes.

Taxation of Non-United States holders of the Notes

Subject to the back-up withholding and Foreign Account Tax Compliance Act rules discussed below, a Non-United States holder generally should not be subject to U.S. federal income or withholding tax on any payments on a Note and gain from the sale, redemption or other disposition of a Note unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-United States holder of a trade or business in the U.S. or (ii) in the case of any gain realised on the sale or exchange of a Note by an individual Non-United States holder, that holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Non-United States holders are encouraged to consult their own tax advisers regarding the U.S. federal income and other tax consequences to them of owning Notes.

Back-up withholding and information reporting

Back-up withholding and information reporting requirements may apply to certain payments on the Notes and to proceeds of the sale or redemption of the Notes to United States holders. The Issuer, its agent, a broker or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to back-up withholding if the United States holder fails to furnish the United

States holder's taxpayer identification number (usually on IRS Form W-9), to certify that such United States holder is not subject to back-up withholding, or to otherwise comply with the applicable certification requirements of the back-up withholding rules. Certain United States holders are not subject to the back-up withholding and information reporting requirements. Non-United States holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN or IRS Form W-8BEN-E) to establish that they are not United States holders in order to avoid the application of such information reporting requirements and back-up withholding.

Back-up withholding is not an additional tax. Any amounts withheld under the back-up withholding rules will be refunded or credited against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Holders of Notes are encouraged to consult their own tax advisers as to their qualification for exemption from back-up withholding and the procedure for obtaining an exemption.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the Code, commonly known as FATCA, a **foreign financial institution** 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 expects to be treated as 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 the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, 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 (including by reason of a substitution of the Issuer). Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

ERISA CONSIDERATIONS FOR INVESTORS

The U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include for ERISA purposes the assets of such plans (collectively, **ERISA Plans**), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the **Plans**)) and persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a Plan fiduciary, who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the Paying Agent, any transfer agent, the Registrar or any other party to the transactions referred to in this Prospectus may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan, including but not limited to where the Issuer, the Paying Agent, any transfer agent, the Registrar or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest solely by reason of providing services to the plan (and neither it nor its affiliate has or exercises discretionary authority or control, or renders investment advice with respect to assets involved in the transaction), provided that the Plan receives no less than and pays no more than adequate consideration for the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisers regarding the prohibited transaction rules and these exemptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to state, local, other federal or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code (**Similar Law**). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exempted relief under any Similar Law.

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the **Plan Asset Regulation**), describing what constitutes the

assets of a Plan with respect to the Plan's investment in an entity for the purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in the form of debt may be considered an equity interest if it has substantial equity features. If the Issuer is deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the Notes, such plan assets would include an undivided interest in the assets held by the Issuer and transactions by the Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code. The Plan Asset Regulation provides, however, that if equity participation in any entity by "Benefit Plan Investors" is not significant, then the "look-through" rule will not apply to such entity. The term "**Benefit Plan Investors**" is defined in the Plan Asset Regulation to include (1) any "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, (2) any "plan" as defined in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies, and (3) any entity whose underlying assets include "plan assets" for ERISA purposes by reason of any such employee benefit plan's or plan's investment in the entity. Equity participation by Benefit Plan Investors in any entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent. or more of the total value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than Benefit Plan Investors, with discretionary authority or control over the assets of the entity or who provide investment advice to the entity for a fee (direct or indirect) with respect to such assets or certain affiliates of such persons) is held by Benefit Plan Investors. While there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the Class A Notes (**ERISA-Eligible Notes**) should not be treated as equity interests for the purposes of the Plan Asset Regulation and, therefore, the look-through rule of the Plan Asset Regulation should not apply. However, while not entirely clear, it is possible that the Certificates and each Class of Notes other than the Class A Notes could be viewed as equity interests for the purposes of the Plan Asset Regulations.

Accordingly, any Notes that are not ERISA-Eligible Notes may not be purchased or held by any Benefit Plan Investor, including any ERISA Plan or other Plan or any entity whose underlying assets include "plan assets" by reason of such an ERISA Plan's or other Plan's investment in such entity within the meaning of the Plan Asset Regulation. Each purchaser and transferee of such Note (or interest therein) will be deemed to have represented, warranted and agreed that (i) it is not, and is not acting on behalf of (and for so long as it holds such Note (or interest therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor, and (ii) if it is a governmental, church or non-U.S. plan, (1) it is not, and for so long as it holds such Note or interest therein will not be, subject to any federal, state, local or non-U.S. law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or interest therein) by virtue of its interest and thereby subject the Issuer (or other persons responsible for the investment and operation of the Issuer's assets) to any Similar Law, and (2) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a violation of any Similar Law.

Each purchaser and transferee of an ERISA-Eligible Note (or interest therein) will be deemed to have represented, warranted and agreed that either (i) it is not, and is not acting on behalf of (and for so long as it holds such Note (or interest therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to any Similar Law, and no part of the assets to be used by it to acquire or hold such Note (or interest therein) constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or (ii) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in

a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of any Similar Law.

Each purchaser and transferee that is, or is acting on behalf of, a Benefit Plan Investor will be further deemed to represent, warrant and agree that (i) none of the Issuer, the Paying Agent, any Transfer Agent, the Registrar or any other party to the transactions referred to in this Prospectus, or other persons that provide marketing services, or any of their respective affiliates, has provided, and none of them will provide, any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor (**Plan Fiduciary**), has relied as a primary basis in connection with its decision to invest in the Notes, and they are not otherwise undertaking to act as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgement in evaluating the investment in the Notes.

Each Plan Fiduciary who is responsible for making the investment decisions on whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any Notes to a Plan is in no respect a representation by the Issuer, the Paying Agent, any transfer agent, the Registrar, the Joint Lead Managers or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

LBCM (in its capacity as a Joint Lead Manager and Retention Holder) and Citi (in its capacity as a Joint Lead Manager) have, pursuant to a subscription agreement dated on or about the date of this Prospectus between the Seller, the Joint Arrangers, the Joint Lead Managers, the Retention Holder and the Issuer (the **Subscription Agreement**), agreed with the Issuer and Seller (subject to certain conditions) to subscribe or purchase and pay for on the Closing Date:

- (a) in the case of the Joint Lead Managers:
- (i) £2,201,731,000.00 of the Class A Notes at the issue price of 99.427 per cent
 - (ii) £131,055,000 of the Class B Notes at the issue price of 97.850 per cent.;
 - (iii) £91,738,000 of the Class C Notes at the issue price of 96.630 per cent.;
 - (iv) £52,421,000 of the Class D Notes at the issue price of 96.680 per cent.;
 - (v) £39,316,000 of the Class E Notes at the issue price of 96.330 per cent.;
 - (vi) £39,316,000 of the Class F Notes at the issue price of 90.950 per cent.;
 - (vii) £19,658,000 of the Class X Notes at the issue price of 95.270 per cent.;
 - (viii) £65,528,000 of the Class Z Notes at the issue price of 31.59479 per cent.; and
 - (ix) £34,074,000 of the Class R Notes at the issue price of 0.29350 per cent.
- (together the **JLM Notes**); and
- (b) in the case of the Retention Holder:
- (i) £115,881,000 of the Class A Notes at the issue price of 99.427 per cent.;
 - (ii) £6,898,000 of the Class B Notes at the issue price of 97.850 per cent.;
 - (iii) £4,829,000 of the Class C Notes at the issue price of 96.630 per cent.;
 - (iv) £2,760,000 of the Class D Notes at the issue price of 96.680 per cent.;
 - (v) £2,070,000 of the Class E Notes at the issue price of 96.330 per cent.;
 - (vi) £2,070,000 of the Class F Notes at the issue price of 90.950 per cent.;
 - (vii) £1,035,000 of the Class X Notes at the issue price of 95.270 per cent.;
 - (viii) £3,449,000 of the Class Z Notes at the issue price of 31.59479 per cent.; and
 - (ix) £1,794,000 of the Class R Notes at the issue price of 0.29350 per cent.

Only the JLM Notes are being sold through the Joint Lead Managers. The Certificates are not being offered by this Prospectus. Any transferee or purchaser of any Certificate is prohibited from relying on this Prospectus in connection with any such transaction.

On the Closing Date, (i) Bank of Scotland will acquire 95 per cent. of the Class A Notes; (ii) 5 per cent. of each Class of the Notes and the Certificates will be acquired by the Retention Holder and (iii) the Joint Lead Managers are expected to place 95 per cent. of each of Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class R Notes, Class X Notes, Class Z Notes and the Residual Certificates with one or more third party investors which may include, without limitation, one or more funds, acting directly or through an affiliate.

The Certificates are not being offered by this Prospectus and will be issued on the Closing Date to the Seller and represent a right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer. Immediately following the issue of the Certificates to the Seller on the Closing Date, the Seller will transfer 5 per cent of the Certificates to the Retention Holder. The Seller expects to transfer (i) the Class S Certificates to the Sponsor Administrator; and (ii) 95 per cent. of the Residual Certificates to one or more third party investors pursuant to a private placement transaction.

Other than admission of the Notes to the Official List and the admission of the Notes to trading the London Stock Exchange, no action has been taken by the Issuer, the Seller, the Joint Lead Managers or the Joint Arrangers, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

The Retention Holder will covenant to the Joint Arrangers and Joint Lead Managers that it will, whilst any of the Notes remain outstanding, retain on an ongoing basis a material net economic interest of 5 per cent. in the nominal value of (i) each of the Class of Notes and the Class S Certificates sold or transferred to the investors in accordance with the UK Securitisation Regulation and the EU Securitisation Regulation and (ii) each of the Class of Notes and the Certificates sold or transferred to the investors in accordance with the U.S. Credit Risk Retention Requirements. Any change in the manner in which the interest is held will be notified to the Noteholders.

Pursuant to the terms of the Subscription Agreement, the Retention Holder may not assign, transfer or novate its rights, obligations and liabilities relating to retention of 5 per cent. of the material net economic interest of each of the Class of Notes and Class of Certificates sold or transferred to the investors except to the extent such obligation is capable of being transferred or novated in accordance with the applicable legislation and regulation and would not cause the transaction described in this Prospectus to cease to be compliant with the risk retention requirements under Article 6 of the UK Securitisation Regulation, Article 6 of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) or the U.S. Credit Risk Retention Requirements to one of its subsidiaries. In that event, the obligations, liabilities and rights of the Retention Holder will become the obligations, liabilities and rights of the entity acquiring them.

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. In addition, prospective investors should note that the Joint Lead Managers are entitled to receive amounts due to them under the Subscription Agreement up to a cap pursuant to the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments, in each case in priority to any amounts due under the Notes to the Noteholders.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United States

The Joint Arrangers and Joint Lead Managers acknowledge that any JLM Notes that are not ERISA-Eligible Notes may not be purchased or held by any Benefit Plan Investor, including any ERISA

Plan or other Plan or any entity whose underlying assets include "plan assets" by reason of such an employee benefit plan's or plan's investment in such entity within the meaning of the Plan Asset Regulation, and each purchaser and transferee of such JLM Notes (or interests therein) will be deemed to have represented, warranted and agreed that (i) it is not, and is not acting on behalf of (and for so long as it holds such JLM Notes (or interests therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor, and (ii) if it is a governmental, church or non-U.S. plan, (1) it is not, and for so long as it holds such JLM Notes or interests therein will not be, subject to any federal, state, local or non-U.S. law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or interest therein) by virtue of its interest and thereby subject the Issuer (or other persons responsible for the investment and operation of the Issuer's assets) to any Similar Law, and (2) its acquisition, holding and disposition of such JLM Notes (or interests therein) will not constitute or result in a violation of any Similar Law.

Each purchaser and transferee of ERISA-Eligible Notes (or interests therein) will be deemed to have represented, warranted and agreed that either (i) it is not, and it is not acting on behalf of (and for so long as it holds such JLM Notes (or interests therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to any Similar Law, and no part of the assets to be used by it to acquire or hold such JLM Notes (or interests therein) constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or (ii) its acquisition, holding and disposition of such JLM Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of any Similar Law.

Each purchaser and transferee that is, or is acting on behalf of, a Benefit Plan Investor will be further deemed to represent, warrant and agree that (i) none of the Issuer, the Paying Agent, any Transfer Agent, the Registrar or any other party to the transactions referred to in this Prospectus, or other persons that provide marketing services, or any of their respective affiliates, has provided, and none of them will provide, any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor (**Plan Fiduciary**), has relied as a primary basis in connection with its decision to invest in the JLM Notes, and they are not otherwise undertaking to act as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the JLM Notes; and (ii) the Plan Fiduciary is exercising its own independent judgement in evaluating the investment in the JLM Notes.

Each of the Joint Arrangers and the Joint Lead Managers has acknowledged, in the Subscription Agreement, that the JLM 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 therefore may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined under Regulation S of the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Notes are being offered and sold only (a) outside the United States to persons other than U.S. persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S and (b) in the United States to QIBs acting for their own account or the account or benefit of one or more other QIBs in connection with resales by the Joint Lead Managers in reliance on Rule 144A. In addition, the JLM Notes cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from registration is available.

In connection with any Regulation S Notes, each of the Joint Arrangers and the Joint Lead Managers has agreed that with respect to the Regulation S Notes for which it has subscribed that it will not offer, sell or deliver the Regulation S Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Regulation S Notes and the Closing

Date (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Rule 903 or 904 of Regulation S. Each of the Joint Arrangers and the Joint Lead Managers has further agreed that with respect to the Regulation S Notes for which it has subscribed it will have sent to each affiliate or person receiving a selling commission, fee or other remuneration that purchases Regulation S Notes from it during the Distribution Compliance Period, a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them in Regulation S.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Notes within the United States by the Joint Lead Managers, or any other manager or dealer that is not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

In connection with any Rule 144A Notes, the Joint Arrangers and the Joint Lead Managers has agreed that with respect to the relevant Rule 144A Notes for which it has subscribed, it will directly or through its U.S. broker-dealer affiliates arrange for the offer and resale of JLM Notes within the United States only to QIBs in reliance on Rule 144A, and each purchaser of Notes is hereby notified that the Joint Lead Managers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Rule 144A Notes which may be purchased by a QIB is £250,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as restricted securities within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

The Issuer, the Joint Arrangers and the Joint Lead Managers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by the Joint Lead Managers or, in each case, its U.S. broker-dealer affiliate. Distribution of this Prospectus by any person that is not a U.S. person outside the United States, or by any QIB in the United States, to any U.S. person or to any other person within the United States, other than any QIB (and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto), is unauthorised. Any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB (and those persons, if any, retained to advise such non-U.S. person or QIB), is prohibited.

United Kingdom

The Joint Lead Managers have represented and agreed with the Issuer 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 issuance or sale of any JLM 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 JLM Notes in, from or otherwise involving the United Kingdom.

The Joint Arrangers and Joint Lead Managers each acknowledge that, save for having applied for the admission of the Notes to the Official List of the Financial Conduct Authority and admission to trading on the London Stock Exchange, no further action has been or will be taken in any jurisdiction by the Joint Arrangers and Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

Ireland

The Joint Lead Managers have represented and agreed that:

- (a) it will not underwrite the issue of, or place the JLM Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, as amended, (the **MiFID Regulations**) including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof and in connection with the MiFID Regulations, any applicable codes of conduct or rules and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland, Regulation (EU) No 600/2014, as amended, and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 of Ireland, as amended;
- (b) it will not underwrite the issue of, or place, the JLM Notes otherwise than in conformity with the provisions of the Companies Act 2014 of Ireland (as amended, the **Companies Act**), the Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 of Ireland, as amended;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the JLM Notes otherwise than in conformity with the provisions of the European Union Prospectus Regulations 2019 and any rules issued by the Central Bank of Ireland under Section 1363 of the Companies Act; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the JLM Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU/596/2014), as amended, the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 of Ireland, as amended, (S.I. No 349 of 2016) and any Irish market abuse law as defined in those Regulations and the Companies Act 2014 of Ireland, as amended, and any rules made or guidance issued by the Central Bank of Ireland in connection with the foregoing, including any rules or guidelines issued by the Central Bank of Ireland under Section 1370 of the Companies Act 2014 of Ireland, as amended.

Prohibition of Sales to UK Retail Investors and EEA 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 the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
- (b) 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 Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

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 European Economic Area.

For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (b) a customer within the meaning of Directive (EU) 2016/97 as amended or recast (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

General

Each of the Issuer, the Joint Arrangers, the Joint Lead Managers and the Seller has undertaken that it will not, directly or indirectly, offer or sell any Notes or Certificates 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 (including as stated in the section entitled "*Important Notices*", not to retail investors as defined in such section), and all offers and sales of Notes by it will be made on the same terms.

It is expected that delivery of Notes will be made against payment on the Closing Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until two days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes who wish to trade Notes between the date of pricing and the Closing Date should consult their own adviser.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

The Notes and the Class S Certificates are subject to transfer restrictions and are not transferable except in accordance with the restrictions set forth herein. Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes or the Class S Certificates.

Offers and Sales

The Notes (including any interests therein) 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, directly or indirectly, in 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 in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. Accordingly, the Notes (and any interests therein) are being offered and sold only (i) in the case of the Rule 144A Notes, in the United States, to QIBs acting for their own account or for the account or benefit of one or more other QIBs in reliance on Rule 144A, in each case in accordance with and pursuant to Rule 144A and any state or local securities laws and (ii) in the case of the Regulation S Notes, outside the United States to persons other than U.S. persons in reliance on Regulation S.

The Notes may not be reoffered, resold, pledged or otherwise transferred except (a) (i) to a person whom the transferor reasonably believes is a QIB purchasing for its own account or for the account or benefit of a QIB in a transaction meeting the requirements of Rule 144A or (ii) to a non-U.S. person in an offshore transaction complying with Rule 903 or 904 of Regulation S or (b) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of any state or other jurisdiction of the United States.

On or prior to the expiration of the Distribution Compliance Period, any sale or transfer of interests in a Regulation S Global Note to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A as provided below. Any offers, sales or deliveries of the Notes in the United States or to U.S. persons by an investor purchasing in an offshore transaction pursuant to Regulation S prior to the end of the Distribution Compliance Period may constitute a violation of United States law.

Investor Representations and Restrictions on Resale

Each purchaser (together with any subsequent transferee) of the Notes (including any interests therein) will be deemed to have acknowledged, represented and agreed as follows:

- (a) the Notes are only being offered in a transaction that does not involve a public offering in the United States within the meaning of the Securities Act and 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, accordingly, may not be offered, sold, reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below;
- (b) (i) in the case of the Rule 144A Global Notes, it (A) is a QIB within the meaning of Rule 144A under the Securities Act, (B) is aware, and each beneficial owner of such Notes has been advised, that the sale to it is being made in reliance on Rule 144A under the Securities Act, (C) is acquiring such Notes for its own account or as a fiduciary or agent for others (which others must also be QIBs) for investment purposes and not for distribution in violation of the Securities Act and (D) is able to bear the economic risk of an investment in such Notes and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Notes; or (ii) in the case of the Regulation S Notes, it is not a U.S. person (within the meaning of Regulation S under the Securities Act) and is acquiring

such Regulation S Notes for its own account or as a fiduciary or agent for other non-U.S. persons in an offshore transaction (as defined in Regulation S) pursuant to an exemption from registration provided by Regulation S;

- (c) it understands that the Issuer is not and will not be registered under the Investment Company Act;
- (d) if it decides to resell or otherwise transfer the Notes or any beneficial interest therein prior to the date which is one year after the later of the last issue date for the series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, then it agrees that it will only resell or transfer such Notes or any beneficial interest therein: (i) to the Issuer or any affiliate thereof; (ii) inside the United States to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A; (iii) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available); (iv) to a non-U.S. person 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 (v) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (e) if it is outside the United States and is not a U.S. person, if it should resell or otherwise transfer the notes prior to the expiration of the Distribution Compliance Period, it will do so only (i) (A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. state or local securities laws;
- (f) it will, and will require each subsequent holder to, notify any subsequent purchaser of the Notes of the resale restrictions referred to in paragraph (d) above, if then applicable;
- (g) it is not acquiring the notes with a view to the resale, distribution or other disposition thereof in violation of the Securities Act;
- (h) it understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws;
- (i) it understands that the Notes offered in reliance on Regulation S will be represented by the Regulation S Global Notes. Before any interest in the Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws; and
- (j) it understands that the Issuer, the Registrar, the Joint Arrangers, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained in this section "*Transfer Restrictions and Investor Representations*". If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power

to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Legend

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Class of Notes is outstanding, a Regulation S Global Note will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION OF THE UNITED STATES.

AS A MATTER OF U.S. LAW, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING DATE, THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT: (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**), (B) TO OR FOR THE ACCOUNT OR BENEFIT OF, PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**)), OR (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. ANY PURPORTED TRANSFER OF THIS NOTE OR ANY INTEREST HEREIN THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON SAFEKEEPER OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

[[*TO BE INCLUDED FOR NOTES THAT ARE ERISA-ELIGIBLE:*] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION AND HOLDING OF THIS NOTE, SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE (OR INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A "**PLAN**" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "**PLAN ASSETS**" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND

DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAW.

EACH PURCHASER AND TRANSFEREE THAT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR SHALL BE FURTHER DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE ISSUER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE AGENT BANK, THE PAYING AGENTS, ANY TRANSFER AGENT, THE REGISTRAR OR ANY OTHER PARTY TO THE TRANSACTIONS REFERRED TO IN THE PROSPECTUS, OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, OR ANY OF THEIR RESPECTIVE AFFILIATES, HAS PROVIDED, AND NONE OF THEM WILL PROVIDE, ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR (**PLAN FIDUCIARY**), HAS RELIED AS A PRIMARY BASIS IN CONNECTION WITH ITS DECISION TO INVEST IN THIS NOTE, AND THEY ARE NOT OTHERWISE UNDERTAKING TO ACT AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF THIS NOTE; AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGEMENT IN EVALUATING THE INVESTMENT IN THIS NOTE.]

[[TO BE INCLUDED FOR NOTES THAT ARE NOT ERISA-ELIGIBLE:] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A "**PLAN**" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), AND (B) IF IT IS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, (1) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTE (OR INTEREST THEREIN) WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, OR NON-U.S. LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.]

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY

REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Class of the Notes is outstanding, a Rule 144A Global Note will bear a legend substantially as set forth below:

THIS NOTE HAS NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**). ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) (**U.S. PERSONS**) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE, BY PURCHASING OR OTHERWISE ACQUIRING A BENEFICIAL INTEREST IN THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE MAY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OR BENEFIT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, UNDER THE SECURITIES ACT, (II) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR 904 OF REGULATIONS OF THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN PARAGRAPH (A) ABOVE. ANY PURPORTED TRANSFER OF THIS NOTE OR ANY INTEREST HEREIN THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG (THE COMMON SAFEKEEPER) TO THE REGISTRAR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF SUCH ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER OR SUCH OTHER REPRESENTATIVE OF THE COMMON SAFEKEEPER OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER (AND ANY PAYMENT HEREON IS MADE TO SUCH ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR

TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO SUCH NOMINEES OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

[[TO BE INCLUDED FOR NOTES THAT ARE ERISA-ELIGIBLE:] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION AND HOLDING OF THIS NOTE, SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE (OR INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A "**PLAN**" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAW.

EACH PURCHASER AND TRANSFEREE THAT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR SHALL BE FURTHER DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE ISSUER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE AGENT BANK, THE PAYING AGENTS, ANY TRANSFER AGENT, THE REGISTRAR OR ANY OTHER PARTY TO THE TRANSACTIONS REFERRED TO IN THE PROSPECTUS, OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, OR ANY OF THEIR RESPECTIVE AFFILIATES, HAS PROVIDED, AND NONE OF THEM WILL PROVIDE, ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR (**PLAN FIDUCIARY**), HAS RELIED AS A PRIMARY BASIS IN CONNECTION WITH ITS DECISION TO INVEST IN THIS NOTE, AND THEY ARE NOT OTHERWISE UNDERTAKING TO ACT AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF THIS NOTE; AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGEMENT IN EVALUATING THE INVESTMENT IN THIS NOTE.]

[[*TO BE INCLUDED FOR NOTES THAT ARE NOT ERISA-ELIGIBLE:*] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A "**PLAN**" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), AND (B) IF IT IS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, (1) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTE (OR INTEREST THEREIN) WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, OR NON-U.S. LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.]

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

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.

GENERAL INFORMATION

1. The LEI of the Issuer is 213800AMOVZ8X4YGP617 and the STUI is 213800AMOVZ8X4YGP617N202301.
2. It is expected that the admission of the Notes to the Official List of the London Stock Exchange and the admission of the Notes to trading on the London Stock Exchange's Regulated Market will be granted on or around 19 January 2023. The Certificates are not and will not be listed.
3. None of the Issuer or Holdings is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings respectively is aware) in the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or Holdings (as the case may be).
4. The accounting reference date of the Issuer is 31 July. So long as the Notes are admitted to trading on the London Stock Exchange's Regulated Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
5. The auditors of the Issuer are PricewaterhouseCoopers LLP, a limited liability partnership registered in England and Wales with registered number OC303525 and its registered office at 1 Embankment Place, London, WC2N 6RH. PricewaterhouseCoopers LLP is registered to perform audit work by and authorised for regulated activities under the Institute of Chartered Accountants in England and Wales (Registered Number C001004062).
6. For so long as the Notes are admitted to the Official List of the London Stock Exchange and to trading on the London Stock Exchange's Regulated Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
7. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
8. Since the date of its incorporation, there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the financial position or financial performance of the Issuer.
9. The issue of the Notes was authorised pursuant to a resolution of the board of directors of the Issuer passed on 5 January 2023.
10. The Notes have been accepted for clearance (and the Certificates are currently cleared) through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes.

Class of Notes	Regulation S ISIN	Regulation S Common Code	Rule 144A ISIN	Rule 144A Common Code
Class A Notes	XS2549049539	254904953	XS2549049612	254904961
Class B Notes	XS2549049703	254904970	XS2549049885	254904988
Class C Notes	XS2549049968	254904996	XS2549050032	254905003
Class D Notes	XS2549050115	254905011	XS2549050206	254905020
Class E Notes	XS2549050388	254905038	XS2549050461	254905046
Class F Notes	XS2549050545	254905054	XS2549050628	254905062
Class X Notes	XS2442283482	244228348	XS2442283565	244228356
Class Z Notes	XS2549050891	254905089	XS2549050974	254905097
Class R Notes	XS2442283219	244228321	XS2442283300	244228330

Class of Notes	Regulation S ISIN	Regulation S Common Code	Rule 144A ISIN	Rule 144A Common Code
Class S1 Certificate	XS2442283649	244228364	XS2442283722	244228372
Class S2 Certificate	XS2442283995	244228399	XS2442284027	244228402
Residual Certificates	XS2442284290	244228429	XS2442284373	244228437

Investor Reports and Information

11. The Issuer will not provide post-issuance transaction information from the date of this Prospectus. Investor Reports, which will include information on the Loans and payments In Arrears and which are prepared by the Servicer in relation to the Issuer, will be published on the website of the Securitisation Repository Website at <https://editor.eurodw.co.uk/esma/viewdeal?edcode=RMBSUK000209500420234>. Such reports may be issued more frequently at the discretion of the issuer cash manager. Such reports are not incorporated by reference into this Prospectus.
12. All defined terms used in the Investor Reports have the meanings given to them in this Prospectus, unless otherwise defined in the Investor Reports.

UK Securitisation Regulation Reporting

13. The Issuer is designated as the reporting entity (the **Reporting Entity**) as required under Article 7(2) of the UK Securitisation Regulation.

The Reporting Entity has undertaken in the Subscription Agreement:

- (a) that it will fulfil the requirements of Article 7 of the UK Securitisation Regulation and the UK Article 7 Technical Standards either itself or shall procure that such requirements are fulfilled on its behalf;
- (b) that it will procure that:
- (i) the UK SR Investor Report is published as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards;
 - (ii) the UK SR Data Tape is published as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards;
 - (iii) any information required to be reported pursuant to Article 7(1)(g) (as applicable) of the UK Securitisation Regulation is published as required by and in accordance with Article or 7(1)(g) (as applicable) of the UK Securitisation Regulation and the UK Article 7 Technical Standards; and
- (c) that:
- (i) the UK SR Investor Report and UK SR Data Tape will be made available to, inter alia, Noteholders, Certificateholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator and, upon request, to potential investors in the Notes or the Certificates via the Securitisation Repository on each Interest

Payment Date (and in any event no later than one month following each such Interest Payment Date); and

- (ii) any UK SR Significant Event Information will be made available to, inter alia, Noteholders, Certificateholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator and, upon request, to potential investors in the Notes or the Certificates via the Securitisation Repository without delay,

in each case subject always to any requirement of law, and provided that: (i) the Reporting Entity will not be in breach of such undertaking if the Reporting Entity fails to so comply due to events, actions or circumstances beyond the Reporting Entity's control; and (ii) the Reporting Entity is only required to do so to the extent that the disclosure requirements under Article 7 of the UK Securitisation Regulation remain in effect.

The Reporting Entity further confirms that it has made available this Prospectus and the Transaction Documents as required by Article 7(1)(b) of the UK Securitisation Regulation (in draft form) prior to the pricing of the Notes and that it will procure that final documents are provided no later than 15 days after the Closing Date.

UK Article 7 ITS means Commission Implementing Regulation (EU) 2020/1225 as it forms part of the UK 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 the UK 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.

EU Securitisation Regulation Reporting

14. The Issuer has undertaken in the Subscription Agreement to procure the provision of information to Noteholders and (upon request) potential investors in accordance with the requirements of Article 7(1) of the EU Securitisation Regulation and in a manner consistent with Article 7(2) of the EU Securitisation Regulation and the EU Article 7 Technical Standards but solely as such articles are interpreted and applied on the Closing Date as if such provisions were applicable to it, subject always to any requirement of law, and provided that: (i) the Issuer will not be in breach of such undertaking if the Issuer fails to so comply due to events, actions or circumstances beyond the Issuer's control; (ii) the Issuer will not be in breach of such undertaking if the Issuer fails to so comply as a result of any change in or the adoption of any new law, rule or regulation or any determination of a relevant regulator which would impose additional material obligations on the Issuer in order for it to maintain compliance with Article 7 of the EU Securitisation Regulation provided that it or another party on its behalf, consults with the Retention Holder and the Portfolio Option Holder in relation to potential actions to avert or remedy such non-compliance; and (iii) the Issuer is only required to procure the provision of information pursuant to this undertaking in the manner and form that would apply

to a securitisation where no prospectus has been prepared in accordance with the EU Prospectus Regulation.

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.

15. From the date of this Prospectus and for so long as the Notes are listed on the London Stock Exchange and admitted to trading on its Regulated Market, physical copies of the following documents may be inspected at the registered office of the Issuer (and, with the exception of paragraph (a) below at the specified office of the Paying Agents) during usual business hours, on any weekday (public holidays excepted) and made available at <https://editor.eurowdw.co.uk/esma/viewdeal?edcode=RMBSUK000209500420234>:

- (a) the memorandum and articles of association of each of the Issuer and Holdings;
- (b) copies of the following documents:
 - (i) Sponsor Administration Agreement;
 - (ii) Agency Agreement;
 - (iii) Bank Account Agreement;
 - (iv) Cash Management Agreement;
 - (v) Corporate Services Agreement;
 - (vi) Deed of Charge;
 - (vii) Portfolio Option Deed Poll;
 - (viii) Issuer Power of Attorney;
 - (ix) Servicing Agreement;
 - (x) Master Definitions and Construction Schedule;
 - (xi) Mortgage Sale Agreement;
 - (xii) Retention Holder Deed Poll;
 - (xiii) Risk Retention Letter;
 - (xiv) Servicer Power of Attorney;
 - (xv) Seller and Legal Title Holder Power of Attorney;
 - (xvi) Share Trust Deed;

(xvii) Trust Deed; and

(xviii) such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or the Certificates.

16. 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. 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. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.

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