

## IMPORTANT NOTICE

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**FINAL TERMS**

**FOSSE MASTER ISSUER PLC**

*(incorporated with limited liability in England and Wales with registered number 5925693)*

**Residential Mortgage Backed Note Programme**

**Issue of Series 2014-1 Notes**

<b>Class</b>	<b>Interest rate</b>	<b>Initial principal amount</b>	<b>Issue price</b>	<b>Scheduled redemption dates</b>	<b>Final maturity date</b>
Class A1	One-month USD LIBOR + 0.12 per cent. Floating rate	\$850,000,000	100%	January 2015 and April 2015	April 2015
Class A2	Three-month Sterling LIBOR + 0.40 per cent. Floating rate	£500,000,000	100%	January 2016 to July 2017	October 2054

Terms used herein shall be deemed to be defined as such in accordance with the conditions set forth in the prospectus dated 19 August 2013 as supplemented by a supplementary prospectus dated 4 June 2014 (the **prospectus**) which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the final terms (the **final terms**) of the notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the prospectus. Full information on the issuer and the offer of the notes is only available on the basis of the combination of these final terms and the prospectus. The prospectus and these final terms are available for viewing at 35 Great St. Helen's, London EC3A 6AP and copies may be obtained from the registered office of the issuer at 35 Great St. Helen's, London EC3A 6AP. A copy may also be obtained from the website of the Irish Stock Exchange.

The Series 2014-1 Notes have not been and will not be registered under the Securities Act or the state securities laws of any state of the United States and the Series 2014-1 Notes may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) except to persons that are QIBs within the meaning of Rule 144A, or in transactions that occur outside the United States to persons other than US persons in accordance with Regulation S or in other transactions exempt from registration under the Securities Act and, in each case, in compliance with applicable securities laws.

**ARRANGER FOR THE ISSUE**

**BARCLAYS**

**LEAD MANAGERS**

**BARCLAYS**

**BANK OF AMERICA MERRILL  
LYNCH**

**DEUTSCHE BANK**

**LLOYDS BANK**

**SANTANDER**

**dated 13 June 2014**

Class:	Class A1	Class A2
1. Class:	Class A1	Class A2
2. Series Number:	2014-1	2014-1
3. Issuer:	Fosse Master Issuer plc	Fosse Master Issuer plc
4. Specified Currency or Currencies:	USD	GBP
5. Initial Principal Amount:	\$850,000,000	£500,000,000
6. (a) Issue Price:	100% of the Initial Principal Amount	100% of the Initial Principal Amount
(b) Net proceeds:	\$850,000,000	£500,000,000
7. Required Subordinated Percentage:	9.25%	9.25%
8. (a) General Reserve Required Amount:		At least £324,000,000
(b) Arrears or Step-up Trigger Event:		
▪ item (i) of General Reserve Fund increased amount:		At least £81,000,000
▪ item (ii) of General Reserve Fund increased amount:		At least £81,000,000
▪ items (i) and (ii) General Reserve Fund increased amount:		At least £162,000,000
9. Interest-Only Mortgage Level Test:	"C" for these purposes is 42.5%	"C" for these purposes is 42.5%
10. Ratings (Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited ( <b>Standard &amp; Poor's</b> ) / Moody's Investors Service Limited ( <b>Moody's</b> ) / Fitch Ratings Ltd. ( <b>Fitch</b> )):	A-1+ (sf) / P-1(sf) / F1+sf	AAA (sf) / Aaa(sf) / AAAsf
	Fitch Ratings Ltd. is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).	
	Moody's Investors Service Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).	
	Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). Standard & Poor's Credit Market Services Europe Limited operates under its trading name Standard & Poor's Ratings Services.	
11. Specified Denominations:	\$200,000 and integral multiples of \$1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
12. (a) Closing Date/Issue Date:	16 June 2014	16 June 2014
(b) Interest Commencement Date:	16 June 2014	16 June 2014
13. Final Maturity Date:	Interest Payment Date occurring in April 2015	Interest Payment Date occurring in October 2054
14. Interest Basis:	One-Month USD LIBOR Floating Rate	Three-Month Sterling LIBOR Floating Rate
15. Redemption / Payment Basis:	Scheduled Redemption	Scheduled Redemption
16. Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable	Following the occurrence of a Pass-Through Trigger Event One-Month Sterling LIBOR Floating Rate
17. (a) Listing:	Irish Stock Exchange's Main Securities Market	Irish Stock Exchange's Main Securities Market
(b) Estimate of total expenses related to admission to trading for all classes of Notes:		€3,750
18. Method of distribution:	Syndicated	Syndicated
19. Placement disclosure for PCS purposes only:	Applicable - Public	Applicable - Public
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
20. Fixed Rate Note Provisions:	Not Applicable	Not Applicable

<b>Class:</b>	<b>Class A1</b>	<b>Class A2</b>
21. Floating Rate Note Provisions:	Applicable	Applicable
(a) Specified Period(s)/ Specified Interest Payment Dates:	The 18th of each month in each year up to and including the Final Maturity Date, commencing on 18 July 2014	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year, up to and including the Final Maturity Date, commencing on 18 July 2014
(b) Business Day Convention:	Following Business Day Convention	Following Business Day Convention
(c) Additional Business Centre(s):	None - London, New York and TARGET in accordance with the Conditions	None - London, New York and TARGET in accordance with the Conditions
(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination	Screen Rate Determination
(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	Not Applicable	Not Applicable
(f) Screen Rate Determination:	Applicable	Applicable
• Reference Rate:	One-Month USD LIBOR Floating Rate (or, in respect of the first interest period, the linear interpolation of One-Month and Two-Month USD LIBOR Floating Rate)	Three-Month Sterling LIBOR Floating Rate (or, in respect of the first interest period, the linear interpolation of One-Month and Two-Month Sterling LIBOR Floating Rate) or, from the Interest Payment Date following the occurrence of a Pass-Through Trigger Event, One-Month Sterling LIBOR Floating Rate
• Interest Determination Date(s):	Two London Business Days prior to the start of each Floating Interest Period	First Business Day of each Floating Interest Period
• Relevant Screen Page:	Reuters Screen Page LIBOR01	Reuters Screen Page LIBOR01
(g) ISDA Determination	Not Applicable	Not Applicable
• Floating Rate Option:	Not Applicable	Not Applicable
• Designated Maturity:	Not Applicable	Not Applicable
• Reset Date:	Not Applicable	Not Applicable
(h) Margin(s):	+0.12% per annum	+0.40% per annum
(i) Minimum Rate of Interest:	Not Applicable	Not Applicable
(j) Maximum Rate of Interest:	Not Applicable	Not Applicable
(k) Step-Up Date:	Not Applicable	The Interest Payment Date occurring in July 2017, on which date the Margin shall be replaced with the Step-Up Margin
• Step-Up Margin(s):	Not Applicable	+0.80% per annum
• Step-Up Minimum Rate of Interest:	Not Applicable	Not Applicable
• Step-Up Maximum Rate of Interest:	Not Applicable	Not Applicable
(l) Day Count Fraction:	Actual/360	Actual/365 (Fixed)
22. Zero Coupon Note Provisions:	Not Applicable	Not Applicable
<b>PROVISIONS RELATING TO REDEMPTION</b>		
23. Details relating to Bullet Redemption Notes:	Not Applicable	Not Applicable
24. Details relating to Scheduled Redemption Notes:	Applicable	Applicable
(a) Scheduled Redemption Dates:	Interest Payment Dates occurring in January 2015 and April 2015	Interest Payment Dates occurring in January 2016, April 2016, July 2016, October 2016, January 2017, April 2017 and July 2017

<b>Class:</b>	<b>Class A1</b>	<b>Class A2</b>
(b) Scheduled Amortisation Instalments:	January 2015 \$425,000,000.00	January 2016 £15,701,238.66
	April 2015 \$425,000,000.00	April 2016 £15,185,738.88
		July 2016 £14,687,163.90
		October 2016 £14,204,958.02
		January 2017 £13,738,583.83
		April 2017 £13,287,521.52
		July 2017 £413,194,795.19
25. Details relating to Pass-Through Notes:	Not Applicable	Not Applicable
26. (a) Redemption Amount:	Condition 5.7 applies	Condition 5.7 applies
(b) Optional Redemption	Not Applicable	Not Applicable
(c) Optional Redemption Date:	Not Applicable	Not Applicable
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>		
27. Form of Notes:	Rule 144A Global Note registered in the name of a nominee for the Depository Trust Company	Rule 144A Global Note registered in the name of a nominee for a common safekeeper for Euroclear and Clearstream, Luxembourg
	Reg S Global Note registered in the name of a nominee for a common safekeeper for Euroclear and Clearstream, Luxembourg	Reg S Global Note registered in the name of a nominee for a common safekeeper for Euroclear and Clearstream, Luxembourg
28. Issuer Swap Provider(s):	National Australia Bank Limited	Not Applicable
29. Specified currency exchange rate (Sterling/ specified currency):	£1.00/\$1.676	Not Applicable
29. Redenomination applicable:	Not Applicable	Not Applicable
31. ERISA Eligibility:	Yes, subject to the considerations in "ERISA considerations" in the prospectus	Yes, subject to the considerations in "ERISA considerations" in the prospectus
32. US Taxation:	Debt for United States federal income tax purposes, subject to the considerations contained in "United States federal income taxation" in the prospectus	Debt for United States federal income tax purposes, subject to the considerations contained in "United States federal income taxation" in the prospectus
33. Money Market Notes (2a-7):	Yes	No
34. Do the Notes have the benefit of remarketing arrangements:	No	No
<b>OPERATIONAL INFORMATION</b>		
35. Any clearing system(s) other than DTC, Euroclear or Clearstream Luxembourg and the relevant identification numbers:	Not Applicable	Not Applicable
36. Delivery:	Delivery against payment	Delivery against payment
37. Names and addresses of additional Paying Agent(s) (if any):	Not Applicable	Not Applicable
38. ISIN Code:	Reg S: XS1075538600	Reg S: XS1075515061
	Rule 144A: US34988WAX20	Rule 144A: XS1075720315
39. Common Code:	Reg S: 107553860	Reg S: 107551506
	Rule 144A: 107554939	Rule 144A: 107572031
40. CUSIP:	34988WAX2	Not Applicable

Class:	Class A1	Class A2
<b>LOAN TRANCHE INFORMATION</b>		
41. Borrower:	Fosse Funding (No. 1) Limited	Fosse Funding (No. 1) Limited
42. Lender:	Fosse Master Issuer plc	Fosse Master Issuer plc
43. Tier of Loan Tranche:	AAA Loan Tranche	AAA Loan Tranche
44. Series Number:	Series 2014-1	Series 2014-1
45. Designation of Loan Tranche:	Scheduled Amortisation Loan Tranche	Scheduled Amortisation Loan Tranche
46. Change of Redemption/ Payment Basis:	Not Applicable	Not Applicable
47. Initial Principal Amount:	£507,159,905	£500,000,000
(a) Closing Date:	16 June 2014	16 June 2014
(b) Loan Tranche Interest Commencement Date:	16 June 2014	16 June 2014
(c) Loan Tranche Interest Reset Dates:	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in July 2014 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date occurring monthly	The Funding 1 Interest Payment Dates occurring quarterly, commencing with the Funding 1 Interest Payment Date occurring in July 2014 provided no Pass-Through Trigger Event has occurred and thereafter each Funding 1 Interest Payment Date occurring monthly
48. Funding 1 Interest Payment Dates:	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Maturity Date, commencing on 18 July 2014	The 18th of January, April, July and October in each year, or following the occurrence of a Pass-Through Trigger Event, the 18th of each month in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day), up to and including the Final Maturity Date, commencing on 18 July 2014
49. Initial Loan Tranche Margin:	+0.07% per annum	+0.40% per annum
50. Step-Up Date (if any):	Not Applicable	The Funding 1 Interest Payment Date occurring in July 2017, on which date the Initial Loan Tranche Margin shall be replaced with the Stepped-up Loan Tranche Margin
51. Stepped-up Loan Tranche Margin:	Not Applicable	+0.80% per annum
52. Details relating to Bullet Loan Tranches:	Not Applicable	Not Applicable
53. Details relating to Scheduled Amortisation Loan Tranches:	Applicable	Applicable
(a) Scheduled Repayment Dates:	The Funding 1 Interest Payment Dates occurring in January 2015 and April 2015	The Funding 1 Interest Payment Dates occurring in January 2016, April 2016, July 2016, October 2016, January 2017, April 20 17 and July 2017
(b) Repayment Amounts:	January 2015 £253,579,952.50  April 2015 £253,579,952.50	January 2016 £15,701,238.66  April 2016 £15,185,738.88  July 2016 £14,687,163.90  October 2016 £14,204,958.02  January 2017 £13,738,583.83  April 2017 £13,287,521.52  July 2017 £413,194,795.19
(c) Relevant Accumulation Amounts:	Not Applicable	Not Applicable
54. Details relating to Pass-Through Loan Tranches:	Not Applicable	Not Applicable

<b>Class:</b>	<b>Class A1</b>	<b>Class A2</b>
55. Final Repayment Date:	The Funding 1 Interest Payment Date occurring in April 2015	The Funding 1 Interest Payment Date occurring in October 2054
56. Loan Tranche Payment Dates:	Each Funding 1 Interest Payment Date corresponding to a Scheduled Repayment Date	Each Funding 1 Interest Payment Date corresponding to a Scheduled Repayment Date and, following the occurrence of the Step-Up Date, each Funding 1 Interest Payment Date thereafter
<b>PROVISIONS RELATING TO NON-ISE LISTED NOTES AND/OR FOREIGN NOTES</b>		
57. Governing law:	Not Applicable	Not Applicable
58. Form of notes:	Not Applicable	Not Applicable
59. Clearing of notes:	Not Applicable	Not Applicable
60. Paying agent:	Not Applicable	Not Applicable
61. Other terms and conditions:	Not Applicable	Not Applicable

## CURRENCY PRESENTATION

Unless otherwise stated in these final terms, all conversions of pounds sterling into U.S. dollars have been made at the rate of £1.00 = US\$1.6843 which was the closing buying rate in the City of New York for cable transfers in dollars per £1.00 as certified for customs purposes by the Federal Reserve Bank of New York on 26 May 2014. Use of this rate does not mean that pounds sterling amounts actually represent those U.S. dollar amounts or could be converted into U.S. dollars at that rate at any particular time.

### Sterling/U.S. dollar exchange rate history

	Period ending 26 May 2014	Years ended 31 December				
		2013	2012	2011	2010	2009
Last <sup>(1)</sup> .....	1.6843	1.6566	1.6242	1.5543	1.5612	1.6147
Average <sup>(2)</sup> .....	1.6646	1.5648	1.5852	1.6040	1.5458	1.5662
High.....	1.6983	1.6566	1.6275	1.6707	1.6377	1.7017
Low .....	1.6311	1.4858	1.5318	1.5389	1.4324	1.3737

Notes:

(1) The closing exchange rate on the last operating business day of each of the periods indicated, years commencing from 1 January or the next operating business day.

(2) Average daily exchange rate during the period.

Source: Bloomberg – Close of Business Mid Price



## FUNDING 1 START-UP LOAN

The Funding 1 start-up loan to be made available to Funding 1 on the closing date in connection with series 2014-1 will have the following terms:

<b>Funding 1 start-up loan provider:</b>	Santander UK
<b>Initial outstanding principal balance:</b>	£3,353,000
<b>Interest rate:</b>	0.90% per annum

The Funding 1 start-up loans made available to Funding 1 on the previous closing dates had the following terms:

Funding 1 start-up loan provider	Initial outstanding principal balance	Current outstanding principal balance	Interest rate	Date of advance	Relevant series of notes
Santander UK	£46,043,701	£35,234,571.70	Three-Month Sterling LIBOR + 0.90% per annum	23 May 2012	2012-1
Santander UK	£4,288,000	£3,029,020.90	Three-Month Sterling LIBOR + 0.90% per annum	6 December 2011	2011-2
Santander UK	£14,225,000	£9,616,670.38	Three-Month Sterling LIBOR + 0.90% per annum	25 May 2011	2011-1
Santander UK	£430,800,000	£283,280,951.16	Three-Month Sterling LIBOR + 0.90% per annum	9 September 2010	2010-4
Santander UK	£89,000,000	£50,922,910.55	Three-Month Sterling LIBOR + 0.90% per annum	27 July 2010	2010-3
Santander UK	£63,000,000	£27,609,323.21	Three-Month Sterling LIBOR + 0.90% per annum	3 June 2010	2010-2
Originally Alliance & Leicester (now Santander UK)	£9,500,000	£1,849,554.16	Three-Month Sterling LIBOR + 0.90% per annum	12 March 2010	2010-1
Originally Alliance & Leicester (now Santander UK)	£4,400,000	£147,764.56	Three-Month Sterling LIBOR + 0.90% per annum	20 August 2008	2008-1
Originally Alliance & Leicester (now Santander UK)	£45,976,000	£1,053,473.89	Three-Month Sterling LIBOR + 0.90% per annum	1 August 2007	2007-1
Originally Alliance & Leicester (now Santander UK)	£53,242,500	£886,475.54	Three-Month Sterling LIBOR + 0.90% per annum	28 November 2006	2006-1

### Other series issued

As of the closing date, the aggregate principal amount outstanding of notes issued by the issuer (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the notes described herein, will be:

Class A Notes .....	£9,154,859,658
Class B Notes .....	£231,377,471
Class M Notes .....	-
Class C Notes .....	-
Class D Notes .....	-
Class Z Notes .....	£2,372,965,000

### Other loan tranches

As of the closing date, the aggregate outstanding principal balance of loan tranches advanced by the issuer to Funding 1 under the intercompany loan agreement, including the loan tranches described herein will be:

AAA.....	£9,154,859,658
AA.....	£231,377,471
A.....	-
BBB.....	-
BB.....	-
NR.....	£2,372,965,000
Total.....	£11,759,202,129

## **MORTGAGES TRUST AND THE PORTFOLIO**

As at the closing date the minimum seller share will be approximately £824,090,617.

For the purposes of paragraph (d) of the definition of **non-asset trigger event**, the aggregate outstanding balance of loans comprising the trust property must be at least £0. See “**The mortgages trust – Cash management of trust property – Principal receipts**” in the prospectus.

## **MORTGAGE SALE AGREEMENT**

The **Fitch conditions** for the purposes of the mortgage sale agreement are:

- original weighted average LTV margin: 3.00%.
- current weighted average LTV margin: 2.00%.
- current weighted average income multiple threshold: 0.50%.
- original LTV margin: 0.50%.

The **minimum yield** for the purposes of the mortgage sale agreement is: LIBOR for 3 month sterling deposits plus 1.00%.

The definition of 'Y' within the definition of **rating agency excess spread** is: LIBOR for 3 month sterling deposits plus 1.00%.

## FUNDING 1 SWAPS

### Total Interim exchange amounts

The **total interim exchange amount** payable in respect of (all of) the Funding 1 swap(s) on the closing date is £675,000. Funding 1 shall pay the total interim exchange amount to the Funding 1 swap provider on the closing date (such payment funded via the 2014-1 start-up loan), and the Funding 1 swap provider shall pay an amount equal to such total interim exchange amount back to Funding 1 on the immediately following Funding 1 interest payment date.

The interim exchange amount applicable to each Funding 1 swap shall be the proportion of the total interim exchange amount applicable to that Funding 1 swap, as calculated in accordance with the relevant Funding 1 swap agreement.

The purpose of these arrangements is to fund the mismatch in days between the closing date and the first Funding 1 interest payment date on the one hand and the closing date and the first distribution date on the other hand.

### Spread (receive-leg) under the Funding 1 swaps

The terms of the Funding 1 swap(s) allow Funding 1 and the Funding 1 swap provider(s) to adjust from time to time the spread over LIBOR which the relevant Funding 1 swap provider pays to Funding 1 in order to reflect movements in market interest rates and interest rates being charged on the loans subject to the relevant Funding 1 swap(s). The relevant spreads under the Funding 1 swap(s) as at the closing date are:

Funding 1 swap (SVR) 1.....	2.95%
Funding 1 swap (SVR) 2.....	2.95%
Funding 1 swap (SVR) 3.....	2.95%
Funding 1 swap (SVR) 4.....	2.95%
Funding 1 swap (SVR) 5.....	2.95%
Funding 1 swap (BBR) 1.....	1.00%
Funding 1 swap (BBR) 2.....	1.00%
Funding 1 swap (BBR) 3.....	1.00%
Funding 1 swap (BBR) 4.....	1.00%
Funding 1 swap (BBR) 5.....	1.00%
Funding 1 swap (Fixed) 1 .....	1.25%
Funding 1 swap (Fixed) 2 .....	1.25%
Funding 1 swap (Fixed) 3 .....	1.25%
Funding 1 swap (Fixed) 4 .....	1.25%
Funding 1 swap (Fixed) 5 .....	1.25%

### Post-perfection SVR-LIBOR margin

The **post-perfection SVR-LIBOR margin** for the purposes of the servicing agreement is: 2.95%

## **USE OF PROCEEDS**

The gross proceeds from the issue of the series 2014-1 notes equal approximately £1,007,159,905 (after exchanging, where applicable, the proceeds of the notes for sterling, calculated by reference to the applicable specified currency exchange rate) and will be used by the issuer to make available loan tranches to Funding 1 pursuant to the terms of the intercompany loan agreement. Funding 1 will use the gross proceeds of each loan tranche to make a further contribution to the mortgages trustee.

## MATURITY AND PREPAYMENT CONSIDERATIONS

The average lives of each class of the series 2014-1 notes cannot be stated, as the actual rate of repayment of the loans and redemption of the mortgages and a number of other relevant factors are unknown. However, calculations of the possible average lives of each class of the series 2014-1 notes can be made based on certain assumptions. For example, based on the assumptions that:

- (1) neither the issuer security nor the Funding 1 security has been enforced;
- (2) each class of series 2014-1 notes is repaid in full by its final maturity date;
- (3) the seller is not in breach of the terms of the mortgage sale agreement;
- (4) the seller does not sell any loans to the mortgages trustee after the closing date (except to the extent set out in assumption (5) below) and the loans are assumed to amortise in accordance with the assumed principal prepayment rate as indicated in the table below;
- (5) the seller sells to the mortgages trustee sufficient new loans and their related security, such that the aggregate principal amount outstanding of the loans in the portfolio will not fall below an amount equal to 1.15 times the Funding 1 share, or such higher amount as may be required to be maintained as a result of the issuer advancing loan tranches to Funding 1 and/or any new issuer advancing new loan tranches to Funding 1 or any further Funding company (as the case may be) which Funding 1 and/or any further Funding company (as the case may be) uses as consideration for an increase in its share of the trust property or for the sale of new loans to the mortgages trustee;
- (6) new loans sold to the mortgages trustee will have the same scheduled principal repayment profile as the portfolio of 31 March 2014;
- (7) neither an asset trigger event nor a non-asset trigger event occurs;
- (8) no event occurs that would cause payments on any class of series 2014-1 notes to be deferred;
- (9) the principal prepayment rate as at the cut-off date for the provisional portfolio is the same as the various assumed rates in the table below;
- (10) the issuer exercises its option to redeem each series of notes on the step-up date relating to such notes;
- (11) the closing date is 16 June 2014;
- (12) the mortgage loans are not subject to any defaults or losses, and no mortgage loan falls into arrears;
- (13) no interest or fees are paid from principal receipts;
- (14) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller continue to be rated at least "A2" by Moody's and "A" by Standard & Poor's and the long-term IDR of the seller continues to be at least "A" by Fitch; and
- (15) the principal ledger balance at close is assumed to be the cash accumulated after the distribution date on 7 March 2014, equal to £340,141,431,

the approximate average life in years of each class of the series 2014-1 notes, at various principal prepayment rates would be as follows:

**Estimated average lives of each class of series 2014-1 notes (in years)**

Principal prepayment rate (per annum)	Series 2014-1 class A1 notes	Series 2014-1 class A2 notes
5 per cent. ....	0.72	2.93
10 per cent. ....	0.72	2.93
15 per cent. ....	0.72	2.93
20 per cent. ....	0.72	2.93
25 per cent. ....	0.72	2.93
30 per cent. ....	0.72	2.93
35 per cent. ....	0.72	2.93

Assumptions (1), (3), (4), (5), (6), (7), (11), (12), (13), (14) and (15) relate to circumstances which are not predictable. Assumptions (2), (8), (9) and (10) reflect the issuer's current expectations, although no assurance can be given that the issuer will be in a position to redeem the notes on the step-up date. If the issuer does not so exercise its option to redeem, then the average lives of the then outstanding notes would be extended.

The average lives of the notes are subject to factors largely outside the control of the issuer and consequently no assurance can be given that these assumptions and estimates will prove in any way to be realistic and they must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of these estimated average lives, see **“Risk factors – The yield to maturity of your notes may be adversely affected by prepayments or redemptions on the loans”** in the prospectus.



## STATISTICAL INFORMATION ON THE EXPECTED PORTFOLIO

The statistical and other information contained in these final terms has been compiled by reference to the loans expected to comprise in the portfolio (the **expected portfolio**) as at 31 March 2014 (the **cut-off date**). Columns stating percentage amounts may not add up to 100% due to rounding. Except as otherwise indicated, these tables have been prepared using the current balance as at the cut-off date, which includes all principal and excludes accrued interest for the loans in the expected portfolio.

A loan will be removed from any additional portfolio if, in the period up to (and including) the sale date related to such additional portfolio, the loan is repaid in full or if the loan does not comply with the terms of the mortgage sale agreement on or about the closing date.

The expected portfolio as at the cut-off date consisted of 169,207 mortgage accounts, comprising mortgage loans originated by Alliance & Leicester and/or, following the Part VII effective date, Santander UK and secured over properties located in England, Wales, Scotland and Northern Ireland, and having an aggregate outstanding principal balance of £13,631,474,622.06 as at that date. The loans in the expected portfolio at the cut-off date were originated between 13 November 1987 and 26 February 2014.

As at 23 May 2014, Alliance & Leicester's Standard Variable Rate was 4.99% and Santander UK's Standard Variable Rate was 4.74%. As at the closing date:

- Funding 1's share of the trust property will be approximately £11,023,905,112.57 representing approximately 84.98% of the trust property; and
- the seller's share of the trust property will be approximately £1,949,189,006.66 representing approximately 15.02% of the trust property.

The actual amounts of the Funding 1 share of the trust property and the seller share of the trust property as at the closing date will not be determined until the day before the closing date which will be after the date of these final terms.

### Outstanding balances as at the cut-off date

The following table shows the range of outstanding mortgage account balances (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date.

Range of outstanding balances as at the cut-off date £	Aggregate outstanding balance as at the cut-off date (£)	% of total balance	Number of mortgage accounts	% of total mortgage accounts
<=50,000.....	1,614,736,502.48	11.85%	64,587.00	38.17%
>50,000 to <=100,000 .....	3,960,089,627.91	29.05%	54,086.00	31.96%
>100,000 to <=150,000 .....	3,639,642,568.72	26.70%	29,960.00	17.71%
>150,000 to <=200,000 .....	2,035,088,685.04	14.93%	11,921.00	7.05%
>200,000 to <=250,000 .....	1,033,362,462.82	7.58%	4,671.00	2.76%
>250,000 to <=300,000 .....	488,295,167.76	3.58%	1,799.00	1.06%
>300,000 to <=350,000 .....	295,207,165.10	2.17%	916.00	0.54%
>350,000 to <=400,000 .....	187,590,759.45	1.38%	504.00	0.30%
>400,000 to <=450,000 .....	123,727,885.21	0.91%	293.00	0.17%
>450,000 to <=500,000 .....	88,022,085.59	0.65%	186.00	0.11%
>500,000 to <=550,000 .....	55,759,964.95	0.41%	107.00	0.06%
>550,000 to <=600,000 .....	43,052,477.60	0.32%	75.00	0.04%
>600,000 to <=650,000 .....	27,880,611.53	0.20%	45.00	0.03%
>650,000 to <=700,000 .....	26,820,221.50	0.20%	40.00	0.02%
>700,000 to <=750,000 .....	12,198,436.40	0.09%	17.00	0.01%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

The maximum and average outstanding balances of the mortgage accounts as at the cut-off date were £738,614.15 and £80,560.94, respectively.

## Loan-to-value ratios at origination

The following table shows the range of loan-to-value, or LTV, ratios, which express the outstanding balance of a mortgage loan as at the date of the original initial mortgage loan origination divided by the value of the property securing that mortgage loan at the same date.

<b>Range of LTV ratios at origination</b>	<b>Aggregate outstanding balance at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of mortgage accounts</b>	<b>% of total mortgage accounts</b>
0% to <=25% .....	328,393,164.03	2.41%	10,749	6.35%
>25% to <=50% .....	2,004,016,494.72	14.70%	38,854	22.96%
>50% to <=75% .....	5,072,751,516.29	37.21%	59,120	34.94%
>75% to <=80% .....	1,036,295,364.29	7.60%	10,431	6.16%
>80% to <=85% .....	1,723,816,380.35	12.65%	15,673	9.26%
>85% to <=90% .....	2,326,350,159.95	17.07%	21,818	12.89%
>90% to <=95% .....	1,139,851,542.43	8.36%	12,562	7.42%
≥95% .....	0.00	0.00%	0	0.00%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

As at the cut-off date, the weighted average LTV at origination was 70.25%.

## Cut-off 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, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date divided by the value of the property securing the loans in that mortgage account as at the date of the initial loan origination or the most recent valuation thereof. When granting a further advance, the seller may obtain a new valuation, and may in some circumstances, where the relevant loan meets certain criteria, apply movements in the Halifax House Price Index for the relevant region, between the date of the most standard valuation held on file and the date of the further advance application, to the most recent standard valuation to produce an updated indexed valuation. No revaluation of the property securing the loans has been done for the purposes of the issuance of the notes by the issuer.

<b>Range of LTV ratios at the cut-off date</b>	<b>Aggregate outstanding balance at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of mortgage accounts</b>	<b>% of total mortgage accounts</b>
<=25% .....	1,053,118,821.12	7.73%	42,417	25.07%
>25% to <=50% .....	3,326,337,632.49	24.40%	48,443	28.63%
>50% to <=75% .....	5,319,981,604.59	39.03%	49,129	29.03%
>75% to <=80% .....	1,193,015,455.79	8.75%	9,391	5.55%
>80% to <=85% .....	1,047,107,909.23	7.68%	7,711	4.56%
>85% to <=90% .....	920,952,470.13	6.76%	6,493	3.84%
>90% to <=95% .....	455,220,423.54	3.34%	3,298	1.95%
>95% to <=100% .....	295,500,690.41	2.17%	2,191	1.29%
>100% .....	20,239,614.76	0.15%	134	0.08%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

The weighted average LTV ratio of the mortgage accounts (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) at the cut-off date was 59.75%.

## Cut-off date indexed 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, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date divided by the most recent indexed valuation of the property securing the loans in that mortgage account.

<b>Range of LTV ratios as at the cut-off date</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of mortgage accounts</b>	<b>% of total mortgage accounts</b>
<=25% .....	1,326,641,253.57	9.73%	48,785	28.83%
>25% to <=50% .....	3,381,791,842.49	24.81%	46,342	27.39%
>50% to <=75% .....	4,562,949,227.54	33.47%	40,168	23.74%
>75% to <=80% .....	940,180,297.97	6.90%	7,398	4.37%
>80% to <=85% .....	783,262,016.46	5.75%	6,171	3.65%
>85% to <=90% .....	700,195,479.61	5.14%	5,467	3.23%
>90% to <=95% .....	585,814,790.74	4.30%	4,549	2.69%
>90% to <=100% .....	464,613,844.07	3.41%	3,568	2.11%
>100% .....	886,025,869.61	6.50%	6,759	3.99%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

The weighted average LTV ratio as at the cut-off date of the mortgage accounts (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) was 61.92%.

## Geographical distribution

The following table shows the distribution of properties securing the loans throughout England, Wales, Scotland and Northern Ireland as at the cut-off date. No such properties are situated outside England, Wales, Scotland and Northern Ireland.

<b>Regions</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of mortgage accounts</b>	<b>% of total mortgage accounts</b>
East Anglia .....	452,081,129.19	3.32%	5,948	3.52%
East Midlands .....	977,225,389.94	7.17%	14,455	8.54%
Greater London .....	1,058,312,543.88	7.76%	7,308	4.32%
Northern Ireland .....	1,035,027,788.42	7.59%	15,004	8.87%
Northern England .....	527,732,827.92	3.87%	7,612	4.50%
North West .....	1,269,863,571.91	9.32%	17,485	10.33%
Scotland .....	1,336,168,303.65	9.80%	21,659	12.80%
South East .....	3,437,205,042.50	25.22%	31,859	18.83%
South West .....	1,076,183,158.87	7.89%	12,907	7.63%
Wales .....	547,438,859.83	4.02%	8,224	4.86%
West Midlands .....	920,795,188.16	6.75%	12,184	7.20%
Yorkshire & Humberside .....	993,440,817.79	7.29%	14,562	8.61%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

House prices vary throughout England, Scotland, Wales and Northern Ireland. The table below summarises the average house price in 2013 and the average household income in 2013 for each region in order to produce a house price to earnings ratio for each region. The issuer confirms that the information in the table below 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, 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 the information set out in the table below nor made any enquiry with respect to such information. Neither the issuer nor the Office for National Statistics makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with such information. Anyone relying on the information does so at their own risk.

<b>Regions</b>	<b>Average Price (£)</b>	<b>Average earnings (£ per annum)</b>	<b>Price/earnings ratio</b>
East Anglia.....	258,000	58,000	4.43
East Midlands .....	178,000	46,000	3.85
Greater London.....	428,000	88,000	4.83
Northern Ireland.....	136,000	42,000	3.20
North East.....	154,000	45,000	3.45
North West.....	175,000	48,000	3.62
Scotland.....	181,000	52,000	3.51
South East.....	305,000	65,000	4.69
South West.....	230,000	51,000	4.48
Wales.....	169,000	45,000	3.71
West Midlands.....	191,000	48,000	3.98
Yorkshire & Humberside.....	172,000	46,000	3.71

Source: Department for Communities and Local Government  
Office for National Statistics

## Seasoning of loans

The following table shows the number of months since the date of origination of the initial loan in a mortgage account.

Age of loans in months as at the cut-off date	Aggregate outstanding balance as at the cut-off date (£)	% of total balance	Number of mortgage accounts	% of total mortgage accounts
>=6 to <12.....	0.00	0.00%	0	0.00%
>=12 to <18.....	0.00	0.00%	0	0.00%
>=18 to <24.....	75,303,291.36	0.55%	500	0.30%
>=24 to <30.....	87,785,412.63	0.64%	636	0.38%
>=30 to <36.....	82,880,530.72	0.61%	644	0.38%
>=36 to <42.....	214,818,352.77	1.58%	1,952	1.15%
>=42 to <48.....	678,385,645.30	4.98%	6,828	4.04%
>=48 to <54.....	501,558,744.76	3.68%	5,196	3.07%
>=54 to <60.....	579,054,279.27	4.25%	6,553	3.87%
>=60 to <66.....	199,093,569.87	1.46%	2,258	1.33%
>=66 to <72.....	389,840,299.16	2.86%	3,886	2.30%
>=72 to <78.....	1,014,997,166.60	7.45%	8,954	5.29%
>=78 to <84.....	1,578,577,590.29	11.58%	14,414	8.52%
>=84 to <90.....	1,391,766,859.67	10.21%	13,666	8.08%
>=90 to <96.....	1,397,920,588.34	10.26%	14,376	8.50%
>=96 to <102.....	1,550,444,052.72	11.37%	17,564	10.38%
>=102 to <108.....	908,435,421.88	6.66%	11,901	7.03%
>=108 to <114.....	255,032,493.61	1.87%	3,798	2.24%
>=114 to <120.....	406,739,750.33	2.98%	7,031	4.16%
>=120 to <126.....	503,709,796.45	3.70%	8,838	5.22%
>=126 to <132.....	376,605,170.48	2.76%	6,945	4.10%
>=132 to <150.....	538,028,224.48	3.95%	10,030	5.93%
>=150 to <200.....	674,140,287.57	4.95%	15,751	9.31%
>=200 to <250.....	211,049,410.14	1.55%	6,649	3.93%
>=250.....	15,307,683.66	0.11%	837	0.49%
<b>Totals.....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

The maximum, minimum and weighted average seasoning of loans in mortgage accounts as at the cut-off date was 616.73, 19.99 and 93.63 months, respectively.

## Years to maturity of loans

The following table shows the number of remaining years of the term of the initial loan in a mortgage account as at the cut-off date.

Years to maturity	Aggregate outstanding balance as at the cut-off date (£)	% of total balance	Number of mortgage accounts	% of total mortgage accounts
0 to <5.....	759,464,961.98	5.57%	22,900	13.53%
>=5 to <10.....	1,684,466,891.67	12.36%	32,936	19.46%
>=10 to <15.....	2,933,600,536.05	21.52%	39,263	23.20%
>=15 to <20.....	4,797,400,816.19	35.19%	44,486	26.29%
>=20 to <25.....	2,091,674,458.14	15.34%	18,101	10.70%
>=25 to <30.....	933,280,896.99	6.85%	7,895	4.67%
>=30 to <35.....	411,798,509.06	3.02%	3,448	2.04%
>=35 to <40.....	19,787,551.98	0.15%	178	0.11%
<b>Totals.....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

The maximum and weighted average remaining term of the loans in mortgage accounts in the expected portfolio as at the cut-off date was 38.53 and 16.21 years, respectively.

## Purpose of loan

The following table shows whether the purpose of the initial loan on origination was to finance the purchase of a new property or to remortgage a property already owned by the borrower. The figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

Use of proceeds	Aggregate outstanding balance as at the cut-off date (£)	% of total balance	Number of product holdings	% of total product holdings	Average balance (£)
Purchase .....	8,718,442,455.47	63.96%	112,515	47.94%	77,486.93
Remortgage (existing loan) .....	1,992,310,862.30	14.62%	37,205	15.85%	53,549.55
Remortgage (capital raising) .....	2,920,588,696.33	21.43%	85,002	36.21%	34,359.06
Other .....	132,607.96	0.00%	1	0.00%	132,607.96
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>234,723</b>	<b>100.00%</b>	<b>58,074.73</b>

As at the cut-off date, the average balance of loans used to finance the purchase of a new property was £77,486.93 and the average balance of loans used to remortgage a property already owned by the borrower was £40,201.46.

## Property type

The following table shows the types of properties to which the mortgage accounts relate.

Property type	Aggregate outstanding balance as at the cut-off date (£)	% of total balance	Number of mortgage accounts	% of total mortgage accounts	Average balance (£)
Converted Flat.....	471,623,586.67	3.46%	4,384	2.59%	107,578.37
Council Bungalow .....	2,187,661.14	0.02%	53	0.03%	41,276.63
Council Flat .....	20,563,976.81	0.15%	507	0.30%	40,560.11
Council House.....	98,158,223.19	0.72%	2,816	1.66%	34,857.32
Council Maisonette.....	3,168,563.08	0.02%	61	0.04%	51,943.66
Detached Bungalow .....	584,834,173.44	4.29%	8,456	5.00%	69,162.04
Detached House .....	3,578,654,391.91	26.25%	37,592	22.22%	95,197.23
Maisonette.....	221,422,979.27	1.62%	2,311	1.37%	95,812.63
Other Residential Property.....	4,290,684.63	0.03%	159	0.09%	26,985.44
Purpose Built Flat.....	1,109,055,544.20	8.14%	13,165	7.78%	84,242.73
Semi-Detached Bungalow.....	217,915,497.85	1.60%	3,562	2.11%	61,177.85
Semi-Detached House .....	3,807,814,224.74	27.93%	50,166	29.65%	75,904.28
Sub Post Office & Living Accom.....	127,060.00	0.00%	1	0.00%	127,060.00
Terraced Bungalow	25,096,540.71	0.18%	438	0.26%	57,298.04
Terraced House .....	3,486,561,514.42	25.58%	45,536	26.91%	76,567.14
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>	<b>80,560.94</b>

## Repayment terms

The following table shows the repayment terms for the loans in the expected portfolio mortgage accounts as at the cut-off date. The figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

Repayment terms	Aggregate outstanding balance as at the cut-off date (£)	% of total balance	Number of product holdings	% of total product holdings
Repayment.....	7,426,934,953.30	54.48%	161,895	68.97%
Combination repayment and interest only	6,201,687,580.87	45.50%	72,766	31.00%
Interest-only .....	2,852,087.89	0.02%	62	0.03%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>234,723</b>	<b>100.00%</b>

## Rate type

The following table shows the distribution of rate types as at the cut-off date. The figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

Type of rate	Aggregate outstanding balance as at the cut-off date (£)	% of total balance	Number of product holdings	% of total product holdings
Base rate loans .....	8,406,015,151.13	61.67%	132,675	56.52%
Discount loans.....	490,691.92	0.00%	19	0.01%
Fixed rate loans.....	839,627,360.52	6.16%	12,470	5.31%
Variable rate loans .....	4,385,296,390.50	32.17%	89,556	38.15%
Other .....	45,027.99	0.00%	3	0.00%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>234,723</b>	<b>100.00%</b>

## Fixed rate remaining terms

The following table shows the distribution of reset dates in respect of the fixed rate loans as at the cut-off date.

Years to reversion	Aggregate outstanding balance as at the cut-off date (£)	% of total balance	Number of product holdings	% of total product holdings
=<3.....	785,106,288.42	93.51%	11,676	93.63%
>3 to =<5.....	1,011,227.90	0.12%	32	0.26%
>5 to =<10.....	5,059,595.04	0.60%	140	1.12%
>10 to =<15.....	12,907,985.81	1.54%	220	1.76%
>15.....	35,542,263.35	4.23%	402	3.22%
<b>Totals .....</b>	<b>839,627,360.52</b>	<b>100.00%</b>	<b>12,470.00</b>	<b>100.00%</b>

## Maturities of SVR loans

The following table shows the distribution of maturities in respect of the variable rate loans as at the cut-off date.

<b>Years to maturity</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of product holdings</b>	<b>% of total product holdings</b>
=<3.....	138,525,523.44	3.16%	8,695	9.71%
>3 to =<5.....	122,742,159.25	2.80%	6,300	7.03%
>5to =<10.....	496,378,340.52	11.32%	19,193	21.43%
>10 to =<15.....	772,918,910.73	17.62%	19,863	22.17%
>15.....	2,855,222,148.48	65.10%	35,524	39.66%
<b>Totals</b>	<b>4,385,787,082.42</b>	<b>100.00%</b>	<b>89,575.00</b>	<b>100.00%</b>

## Tracker loans remaining terms

The following table shows the distribution of reset dates in respect of the tracker rate loans as at the cut-off date.

<b>Years to maturity</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of product holdings</b>	<b>% of total product holdings</b>
=<3.....	296,418,379.54	3.53%	10,613	8.00%
>3 to =<5.....	279,973,451.10	3.33%	8,578	6.47%
>5 to =<10.....	1,169,218,758.54	13.91%	28,260	21.30%
>10 to =<15.....	2,036,067,517.65	24.22%	34,569	26.06%
>15.....	4,624,337,044.30	55.01%	50,655	38.18%
<b>Totals</b>	<b>8,406,015,151.13</b>	<b>100.00%</b>	<b>132,675.00</b>	<b>100.00%</b>

## Payment methods

The following table shows the payment methods for the mortgage accounts as at the cut-off date.

<b>Payment method</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of mortgage accounts</b>	<b>% of total mortgage accounts</b>
Direct debit.....	13,522,378,151.32	99.20%	167,082	98.74%
Cheque/Cash.....	109,096,470.74	0.80%	2,125	1.26%
<b>Totals</b> .....	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>



## Distribution of fixed rate loans

As at the cut-off date, approximately 6.16% of the loans in the expected portfolio were fixed rate loans. The following tables show the distribution of fixed rate loans by their fixed rate of interest as at such date, and the year in which the loans cease to bear a fixed rate of interest and instead bear a floating rate of interest. The figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

Fixed rate loans remain at the relevant fixed rate for a period of time as specified in the offer conditions, after which they move to a variable rate or some other rate as specified in the offer conditions.

<b>Fixed rate</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of product holdings</b>	<b>% of total product holdings</b>
0% to =<4% .....	143,802,970.46	17.13%	2,077	16.66%
>4% to =<5% .....	472,746,109.31	56.30%	8,076	64.76%
>5% to =<6% .....	222,904,211.45	26.55%	2,315	18.56%
>6% to =<7% .....	174,069.30	0.02%	2	0.02%
>7% to =<8% .....	0	0.00%	0	0.00%
<b>Totals .....</b>	<b>839,627,360.52</b>	<b>100.00%</b>	<b>12,470</b>	<b>100.00%</b>

<b>Year, month in which current fixed rate period ends</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of fixed rate product holdings</b>	<b>% of total fixed rate product holdings</b>
May 2014 .....	120,108,747.31	14.31%	1,796	14.40%
June 2014 .....	53,420,808.69	6.36%	559	4.48%
July 2014 .....	150,524,890.98	17.93%	2,016	16.17%
August 2014 .....	87,061,983.66	10.37%	1,253	10.05%
September 2014 .....	144,538,118.81	17.21%	1,973	15.82%
October 2014 .....	55,081,151.54	6.56%	614	4.92%
November 2014 .....	14,923,485.27	1.78%	252	2.02%
December 2014 .....	11,014,078.20	1.31%	196	1.57%
January 2015 .....	16,114,469.87	1.92%	262	2.10%
February 2015 .....	10,020,520.46	1.19%	150	1.20%
March 2015 .....	13,805,094.83	1.64%	208	1.67%
April 2015 .....	15,350,649.77	1.83%	290	2.33%
May 2015 .....	19,219,966.07	2.29%	349	2.80%
June 2015 .....	12,897,003.76	1.54%	234	1.88%
July 2015 .....	8,792,868.40	1.05%	193	1.55%
August 2015 .....	5,484,659.79	0.65%	139	1.11%
September 2015 .....	6,157,777.02	0.73%	161	1.29%
October 2015 .....	4,712,003.04	0.56%	136	1.09%
November 2015 .....	1,972,008.02	0.23%	58	0.47%
December 2015 .....	2,646,087.80	0.32%	89	0.71%
January 2016 .....	4,551,814.48	0.54%	116	0.93%
February 2016 .....	1,059,127.76	0.13%	21	0.17%
March 2016 .....	2,463,129.21	0.29%	64	0.51%
April 2016 .....	9,632,119.00	1.15%	216	1.73%
May 2016 .....	3,612,559.75	0.43%	74	0.59%
June 2016 .....	2,726,350.61	0.32%	29	0.23%
July 2016 .....	1,064,661.99	0.13%	27	0.22%
August 2016 .....	2,844,165.26	0.34%	83	0.67%
September 2016 .....	2,332,753.73	0.28%	64	0.51%
Fixed for life	55,494,305.44	6.61%	848	6.80%
<b>Totals .....</b>	<b>839,627,360.52</b>	<b>100.00%</b>	<b>12,470</b>	<b>100.00%</b>

## Employment status

The following table shows the employment status of the borrowers of the loans in the expected portfolio as at the cut-off date.

<b>Status</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of mortgage accounts</b>	<b>% of total mortgage accounts</b>
Employed.....	12,364,512,570.10	90.71%	155,786	92.07%
Self employed .....	1,266,962,051.96	9.29%	13,421	7.93%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

## First time buyer

The following table shows the split between the borrowers of the loans in the expected portfolio who are first time buyers and non-first time buyers as at the cut-off date.

<b>Status</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% of total balance</b>	<b>Number of mortgage accounts</b>	<b>% of total mortgage accounts</b>
First time buyer .....	2,765,525,071.08	20.29%	29,122	17.21%
Non-first time buyer .....	10,865,949,550.98	79.71%	140,085	82.79%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100.00%</b>	<b>169,207</b>	<b>100.00%</b>

## Payment rate analysis

The following table shows the annualised payment rate for the most recent one-, three- and 12-month period for the loans in the expected portfolio between April 2013 and March 2014.

<b>As of month-end</b>	<b>one-month annualised</b>	<b>three-month annualised</b>	<b>12-month annualised</b>
March 2014.....	22.58%	22.29%	23.28%

Source: Fosse investor reports.

In the table above, 12-month annualised CPR is calculated as the average of the 1-month annualised CPR for the most recent 12 months (1-month annualised CPR calculated as  $1 - ((1 - R) ^ 12)$  where R is (i) total principal receipts received plus the principal balance of loans repurchased by the seller (primarily due to further advances) during the relevant period, divided by (ii) the aggregate outstanding principal balance of the loans in the expected portfolio as at the start of that period).

## Delinquency and loss experience of the portfolio

As at the cut-off date, the total outstanding balance of loans in the expected portfolio that were greater than 30 days in arrears was £126,518,237.20, representing 0.93% of the outstanding balance of loans in the expected portfolio as at such date.

### Arrears

<b>Status</b>	<b>Aggregate outstanding balance as at the cut-off date (£)</b>	<b>% Arrears by Balance</b>	<b>Number of mortgage accounts</b>	<b>% Arrears by Number</b>
Less than or equal to 1 month.....	13,504,956,384.86	99.07%	167,931	99.25%
1< to <=3.....	55,729,426.86	0.41%	556	0.33%
3< to <=6.....	32,832,695.04	0.24%	337	0.20%
6< to <=9.....	15,063,729.17	0.11%	163	0.10%
9< to <=12.....	9,378,596.04	0.07%	85	0.05%
12<.....	13,513,790.09	0.10%	135	0.08%
<b>Totals .....</b>	<b>13,631,474,622.06</b>	<b>100%</b>	<b>169,207</b>	<b>100.00%</b>

## CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

Set out in the following tables are certain characteristics of the United Kingdom mortgage market.

### Industry CPR rates

In the following tables, quarterly industry constant repayment rate (**industry CPR**) data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by monetary and financial institutions (banks and building societies) (**MFIs**) in a quarter by the quarterly balance of mortgages outstanding for MFIs in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	Industry CPR rate for the quarter (%)	4 quarter Rolling Average (%)
September 2013 .....	14.14	12.25
December 2013 .....	14.41	13.01
March 2014.....	13.04	13.53

Source: The Bank of England, CML Research

### House price index

UK residential property prices, as measured by the Nationwide House Price Index and Halifax House Price Index (collectively, the **Housing Indices**), have generally followed the UK Retail Price Index over an extended period. Nationwide is a UK building society and Halifax is a trading name of Bank of Scotland plc, a UK bank who publishes the Halifax House Price Index.

Time in Quarters	UK Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
September 2013 .....	250.90	3.16	340.96	4.19	554.19	6.02
December 2013 .....	252.50	2.61	348.00	6.83	559.49	7.23
March 2014.....	253.90	2.59	355.34	8.84	571.20	8.31

Source: HBOS plc and Nationwide Building Society  
Source: Office for National Statistics

Notes:

The percentage annual change in the table above is calculated in accordance with the following formula:

$LN(x/y)$  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.

The issuer confirms that all of the information contained in the tables above in this section entitled "**Characteristics of the United Kingdom Residential Mortgage Market**" has been accurately reproduced (and their respective sources have been accurately cited) and so far as the issuer is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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## ARREARS EXPERIENCE

The following table summarises loans in arrears and repossession experience for loans in the portfolio as at the dates indicated below. All of the loans shown in the table below were originated by Alliance & Leicester or Santander UK; and the loans shown in the table below were serviced by Alliance & Leicester prior to the Part VII effective date and, since the Part VII effective date, by Santander UK. As at the date of these final terms, Santander UK services all of the loans in the portfolio.

This table should be read together with the tables set forth under “**Arrears Experience**” in the prospectus.

### 31 Dec 2013

Outstanding Balance (£ millions)	14,481
Number of loans outstanding (thousands)	177.298
<b>Outstanding balance of loans in arrears (£ millions)</b>	
30-59 days in arrears	103.02
60-89 days in arrears	24.85
90-179 days in arrears	45.95
180-365 days in arrears	25.95
366 or more days in arrears	12.65
Total outstanding balance of loans in arrears	<u>212.42</u>
Total outstanding balance of loans in arrears as % of the outstanding balance	<u>1.47%</u>
Outstanding balance of loans relating to properties in possession	<u>3.11</u>
Net loss on sales of all repossessed properties <sup>(1)</sup>	<u>4.636</u>
Ratio of aggregate net losses to average aggregate outstanding balance of loans <sup>(2)</sup>	<u>0.032%</u>
Average net loss on all properties sold (thousands)	<u>29.91</u>
<b>Number of loans outstanding in arrears (thousands)</b>	
30-59 days in arrears	1.05
60-89 days in arrears	0.27
90-179 days in arrears	0.45
180-365 days in arrears	0.27
366 or more days in arrears	0.13
Total number of loans outstanding in arrears	<u>2.16</u>
Total number of loans outstanding in arrears as % of the number of loans outstanding	<u>1.22%</u>
Number of properties in possession	<u>29</u>
Number of properties sold during the year	<u>155</u>

(1) Net loss is net of recoveries in the current period on properties sold in prior periods.

(2) Average of opening and closing balances for the period.

## STATIC POOL DATA

The tables below set out static pool information with respect to all the mortgage loans on the Alliance & Leicester system in 2013. This table should be read together with the tables set forth under “**Static Pool Data**” in the prospectus.

Static pool information on prepayments has not been included because changes in prepayment and payment rates historically have not affected repayment of the notes, and are not anticipated to have a significant effect on future payments on the notes for a number of reasons. The mechanics of the mortgage trust require an extended cash accumulation period (for bullet term advances) when prepayment rates fall below certain minima required by the rating agencies, serving to limit the extent to which slow prepayments would cause the average lives of the notes to extend. Furthermore, only a limited amount of note principal in relation to the very large mortgages trust size is actually due to be repaid on any particular interest payment date.

### Origination Characteristics by Year

	2013
Number of accounts opened (thousands).....	0.3
Aggregate original balance (£) (millions) .....	45.0
Average original balance (£) (thousands) .....	171.7
Weighted average original loan-to-value ratio .....	65.4%
Weighted average original term (years) .....	22.3

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(1) Data are based on all business written in the period 2001-2013.

(2) Weighted averages are weighed by the original balance.

**Listing and admission to trading application**

These final terms comprise the final terms required for the notes described herein to be admitted to the Official List and admitted to trading on the Main Securities Market pursuant to the residential mortgage backed note programme of Fosse Master Issuer plc.

Signed on behalf of the issuer:

By: 

per pro SFM Directors Limited  
as Director

*Duly authorised*